

**MINUTES OF THE REGULAR MEETING OF THE
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES
TUESDAY, FEBRUARY 19, 2008**

CALL TO ORDER – The meeting was called to order at the KGID office, 160 Pineridge Drive, Stateline, Nevada at 6:00 p.m. by Chairman Cook and Runtzel led the pledge to the flag.

ROLL CALL – Present were Trustees Hayes, Cook, Schussel and Beattie. Trustee Treanor was absent. Also present were Business and Contracts Manager Michelle Runtzel, Operations Superintendent Greg Reed and General Counsel Scott Brooke. Present for a portion of the meeting was Bruce Scott of Resource Concepts Inc., Susan Jorgenson and Brent Farr of Farr West Engineering, Tom Castenada of Tahoe Beach Club, Jan Christiansen and Monroe Friedling from the Tahoe Shores Mobile Home Park.

PUBLIC COMMENT – There was no public comment.

APPROVAL OF AGENDA AND CONSENT CALENDAR – Runtzel noted that the Tuesday, January 10, 2008 Regular Meeting Minutes should actually be the Thursday, January 10, 2008 Special Meeting Minutes.

M-2/19/08-1 – Motion by Beattie, seconded Hayes and unanimously passed to approve the Agenda and Consent Calendar items as follows and as amended:

- A. Minutes of the regular meetings of January 15, 2008 and special meetings of January 10, 2008 and January 24, 2008
- C. Authorize the Business & Contracts Manager to execute Contract Amendment No. 2 with HDR Engineering Inc, on behalf of KGID for additional engineering services related to the Edgewood-Kingsbury Intertie Improvements Project, authorizing an additional total fee of \$30,000 amending the total contract from \$187,955 to \$217,955 with KGID's 50% share increasing \$15,000 to a total KGID contribution of \$108,978 for the project engineering.
- D. Approve an extension of the Agreement for Legal Services dated March 16, 2004 under the existing terms and conditions for a one-year period to March 31, 2009 with Brooke, Shaw & Zumpft

There was no public comment

CONSENT CALENDAR ITEMS BROUGHT FORWARD FOR DISCUSSION - Schussel asked to pull Item B – List of Claims. Schussel asked about NDOT Traffic Control on check 41110 to Summit Plumbing, Runtzel explained that Summit fixed a manhole on SR207, and that NDOT actually provided the traffic control on the highway for the repair. Check 41040 to Secretary of State was questioned why there was no dollar amount, Runtzel explained that the check was voided and was reissued in two separate checks. Check 41057 to James Hinsdale in the amount of \$752.41 cited a refund? Runtzel explained sometimes customers pay a year in advance to take advantage of the 5% discount offered, and this particular customer sold his property which resulted in the need to refund the annual payment less a pro-rated portion of the discount. Trustee Cook questions check 41077 to Burgarello Alarm for \$84.00 for alarm monitoring at 399 Eugene, Runtzel explained this is the Lake Station alarm service.

M-2/19/08-2 – Motion by Hayes, second Schussel and unanimously passed to approve Claims in the amount of \$482,827.88 as represented on the List of Claims by check numbers 41007 through 41180.

There was no public comment.

UNFINISHED BUSINESS –There was no unfinished business.

NEW BUSINESS –There was no new business.

RESOURCE CONCEPTS, INC. PROPOSAL FOR WATER RIGHT SERVICES – Runtzel reported at the last regular Board Meeting, Bruce Scott of Resource Concepts Inc. discussed water right issues the District may be facing in the near future. The board passed a motion to authorize Bruce Scott of RCI to provide a proposal for a review of water right issues on behalf of the District. The RCI proposal was provided for Board review. Bruce Scott proposes we look at the existing rights thoroughly and prepare an abstract summary of the water rights and due dates. The proposal includes a thorough look at pumping and usage compared to the existing rights, including groundwater rights, and the development of an approximate amount of water required for build out for KGID. Additionally, RCI will develop a series of strategic questions and potential alternatives for the Board's consideration.

The work would be completed in approximately three to four months with a report provided to the board by the June 2008 meeting. Bruce Scott has provided a not to exceed cost of \$7500.00 for these services.

As discussed in the last meeting, it is important for the District to protect/preserve its water rights. The State seems to be moving in the direction of taking surplus water rights therefore, it would be beneficial for the district to have a study completed that includes our build out needs. If the district does in fact have surplus rights, there may be opportunity to market the rights.

Runtzel reported it should be noted; this proposal does not include a detailed look at out of basin water right issues. This proposal is a "first step in determining a longer-range water right plan for KGID."

Mr. Bruce Scott attended the meeting and reported he touched on this last time when talking in general about water rights. He prepared a proposal for consideration and is prepared to answer any questions the board may have. The proposal includes a comprehensive review of water rights, existing uses, history and background to develop a plan to maintain water rights in good standing. He plans to understand policies and history for District water rights. This process will justify needs for water rights we hold today and provide an understanding of what it will take for development within the basin, recognizing out of basin needs. Scott didn't feel at this proposal level it was appropriate to dive into the out of basin water rights. Some of what they do may help with information and support on water rights out-of-basin.

Cook commented that staff could determine how many allocations are needed for out-of-basin use. Our out-of-basin water rights are limited to 1000 equivalent number of dwelling units.

Scott will not evaluate the well physically but would work with staff on alternatives or recommendations on a well site. The ideal place for a well would be in the upper zone. RCI will look at that strategy as well as potential water sources higher up. He will develop basis for us to hold as much water as possible and it will give us a window to potentially deal with excess water in the market place. Due to the over allocation of water rights on the Nevada side on paper, we need to get our ducks in a row.

Hayes asks if the study will integrate water use for snowmaking? Scott states, absolutely and we may want to consider additional commitments on paper. Snow making water has a non-consumptive value. Any way we can utilize the water is good for revenue and it puts water back into the environment. Scott believes the ratio is approximately 80/20 % non-consumptive vs. consumptive use in snowmaking water.

Beattie comments, the State Engineer set a usage rate to use for out of basin not to exceed 500 gpd/unit and actual is approximately 250 gpd/unit. Scott is familiar with the Truckee River Operating Agreement settlement and states if there were areas RCI can assist in out-of-basin uses, they would be happy to help.

M-2/19/08-3 – Motion by Schussel, Beattie seconds and unanimously passed to authorize the Business & Contracts manager to issue a purchase order and approve the proposal by Resource Concepts Inc. for water rights services in an amount not to exceed \$7,500.00.

DRAFT WATER METERING PLAN PROPOSED BY FARR WEST ENGINEERING – Farr West Engineering has provided a Draft Metering Plan for the board's consideration. Runtzel reported in writing that the previous GM corresponded with NDEP and informed them that the KGID Board would adopt a final metering plan in August 2007 after completing public hearings. To date the hearings or action on a metering plan have not taken place.

On January 17, 2008, the BCM received a letter from NDEP requesting a “copy of the adopted plan for review by the Board by February 15, 2008.” (Letter provided to the board) Brent Farr requested and received an extension to February 20, 2008 to allow time for KGID board review and action on the plan at the February 19, 2008 regular board meeting. A transmittal letter will need to be delivered to Michelle Stamates on Wednesday, February 20, 2008 including the Metering Plan. The Plan recommendations include formal adoption of a final metering plan in August 2008 after the required public hearings. Runtzel believes we could hold a public hearing at the May meeting since we’ll be required to hold a budget public hearing as well that month and likely will ask TRPA for use of their facility again. Runtzel expects to prepare a newsletter to go out in the April 1 bills and another in the May 1 bills; this would be a good time to notify the public of the pending metering plan. The adoption of a tiered rate structure and pending rate changes related to metering would not occur before the next year as the proposal recommends. Of course, public hearings will be required for that issue as well.

In discussions with John Rutledge in Scott Brooke’s office regarding the potential requirement to hold a public hearing for adoption of a draft metering plan, it was recommended that instead of the adoption of the plan, which he believes would require a public hearing, that the board “approve the proposed plan and estimate for use in a public hearing and for the solicitation of comments from District users.” I’ve discussed this action with Michelle Stamates who reluctantly approved of the language, citing their board needs to see KGID’s intent to adopt and enforce a metering plan. She also asked, “what good is a metering plan if it’s not adopted by the board?” I politely reminded her that the grant condition does not require “adoption” by the board and assured her that the District has made substantial progress moving forward on this item since receiving her letter. Absent Scott Brooke’s comments, the recommendation action, which I’ve elaborated on, should be taken.

Trustee Beattie provided minor revisions that will be included in the plan as appropriate. Runtzel noted she hasn’t had the chance to look at them yet. Any other changes or comments need to be addressed at this meeting to incorporate to the document before it is transmitted to NDEP.

Brent Farr introduced Susan Jorgensen and explained she’s been very helpful in doing the legwork on both the metering plan and financial plan. Questions remaining are how are we going to meter the existing 2141 customers. Table 4 of the plan shows if we continue to install meters as we go, we’ll replace the service lines as well. Susan explained she took the bid tabs from projects we’ve been doing. Actual costs of meters and meter sets would be pretty much set. Service lines are a separate bid item. Primary challenges are the issues of multifamily units.

Hayes comments the numbers aren’t realistic. Prior to going to water board with a grant request we’ll need to do extensive research and provide accurate estimates. We’ll have to look at individual properties on a case by case to complete the research needed. It may cost less if we can install meters under multi-family buildings.

Option A – assumes we continue as we are today.

Option B – assumes if we receive a grant and we install meters all as one project.

Jorgensen talked with Stamates whose view on grants is, as long as the applicant can show a financial need, it would be considered as any other project.

The Summary & Recommendations section of the plan gives a work plan with timing attached. This metering plan should fulfill the grant requirement. Grant agreement doesn’t say we have to implement the plan. NDEP wants more information on a timeline for a tiered rate. Nothing in our grant agreement requires a tiered rate or requires meter plan be implemented. There is a requirement to install meters to our entire service area to be eligible for future grants.

Beattie comments this is a very well done report. Beattie explained some of his requested changes to the document that will be incorporated to the final plan prior to submittal to NDEP.

M-2/19/08-4 – Motion by Schussel, seconded Hayes and unanimously passed to approve the proposed metering plan as amended and estimate as presented by Farr West Engineering for use in a public hearing, for the solicitation of comments from KGID water users, and authorize the Business & Contracts Manager to provide same to NDEP as required by grant conditions.

There was no public comment.

PROGRESS REPORT AND DISCUSSION ON THE FINANCIAL PLAN AND 5-YEAR CAPITAL IMPROVEMENT PLAN PRESENTED BY FARR WEST ENGINEERING- At

the November 27, 2007 board meeting, the board authorized the General Manager to approve a Purchase Order with Farr West Engineering to provide consulting services to prepare a Financial Plan for the District for a price not to exceed \$25,000. The approved Scope of Work included Phase 1 – Discovery, which involved collection of data, meeting with staff, and assimilating key information. Specific tasks under this Phase included:

1. Define Goals and Objectives of the Financial Plan
2. Identify Key Issues
3. Identify Existing Systems, Tools and Processes
4. Collect Relevant Information, and
5. Provide a written summary of the discovery phase of the project

Farr West Engineering provided the Discovery Phase Summary outline and seeks the board's input to ensure goals are met. Runtzel reported Brent Farr would attend the meeting and make a presentation on this item.

Phase 2 – Analysis includes an analysis of all data collected in the discovery phase. Farr West is currently working on this phase of the project and expects to have a written report to present to the board at the March meeting.

Phase 3 – Recommendations – recommendations will be provided to the district after the analysis phase and will include board/staff input based on the Discovery and Analysis phases. Recommendations may include changes to existing financial practices, acquisition or development of certain tools or processes that will enhance the financial capacity of the District, rate structure changes, completion of an integrated plan, including an asset management plan, capital improvement plan, strategic plan, etc. and the recommendations phase will produce a financial strategy that will address future financial needs, including rate changes and other financial implements.

Brent Farr explained this is progress report and what they've discovered to date. They also have some preliminary recommendations. Susan put slides together. The financial presentation was made to the board via a PowerPoint presentation.

Schussel appreciates the knowledge and research completed to date.

Recommendations included:

1. Update PER
2. Mapping of water/sewer systems
3. Rate Structure
4. Record Keeping
5. Sewer PER
6. Detailed asset management
7. Use CIP to help determine future revenue
8. Prepare a water conservation plan

M-2/19/08-5 - Motion by Schussel, seconded Hayes and unanimously passed to approve the Discovery Phase Summary Outline for the Financial Plan and 5-year Capital Outlay Improvement Plan presented by Farr West Engineering as presented and determine it is prepared in accordance with board goals.

There was no public comment.

DISCUSSION OF TAHOE BEACH CLUB ISSUES INVOLVING BUILDING AT OR AROUND THE DISTRICT'S LAKE STATION INCLUDING RESPONSE RECOMMENDATIONS OF THE TAHOE BEACH CLUB DRAFT ENVIRONMENTAL IMPACT STATEMENT PUBLISHED ON JANUARY 2, 2008 AND RELATED MATTERS –

The Tahoe Beach Club has put forth a proposal to re-develop the existing Tahoe Shores Mobile Home Park. The District's main pump station and ozone treatment plant are located on an easement within the limits of the proposed project. Therefore, it is imperative that the District understands the potential conflicts of such a project, and takes the necessary steps to protect our interests and mitigate any detrimental issues.

Toward that end, the District has been involved in many discussions with the developers and their attorneys over the course of the past several years to attempt to resolve any disagreements between the parties. We have not always been successful in coming to agreement with the other parties involved, but we should continue to attempt to resolve any outstanding issues, and work to protecting our interests in this matter.

The Tahoe Beach Club submitted a draft Environmental Impact Statement (EIS) to the Tahoe Regional Planning Agency (TRPA) on January 2, 2008. District staff has completed a review of that document, and hired AMEC Engineering to review the document and prepare a letter of response to the TRPA. On February 6, 2008, District staff, legal counsel and AMEC representatives met to discuss the initial draft letter prepared by AMEC, and to prepare a strategy for going forward on this issue.

The approach developed at that meeting was to meet with the developer and their attorney, and attempt to resolve our major outstanding issues directly with them prior to the ending date of the public comment period. If those direct negotiations were unsuccessful, written comments would be submitted to the TRPA on the District's behalf. Concerns identified in the review of the EIS include the following: 1) the environmental setting of the current use of the facility by KGID is not properly identified in the EIS. 2) Access to KGID's facility does not appear to be adequate given the description provided in the EIS. 3) The construction of a new building within 20 feet of KGID's pump station may impede the District's ability to expand the facility in the future to meet additional treatment technologies to comply with recently enacted federal regulations. 4) The potential change in use of the pier is not identified in the EIS. The demographic changes likely due to the change in use from a mobile home park to a condominium complex is not identified as a potential change in the likely boat traffic at the pier. 5) The project's proximity to the pump station is not listed as a concern in the EIS. Even though there is a potential for a significant number of people to be co-located to the pump station at the proposed beach club, this is not considered significant.

AMEC addresses the above issues as significant, and they call into question the legal appropriateness of the document itself. They then request that the document address the concerns listed, and be re-issued for public review and comment.

Reed attended the public hearing at Incline Village on February 13, 2008. At that meeting, there was very little opposition to the proposal. Three residents of the mobile home park spoke in opposition, and the Governor of the Washoe Tribe spoke to ensure that all cultural resource issues be considered before accepting a proposal such as this.

Dan Gira from AMEC spoke with Theresa Avance at TRPA to give her a heads up that KGID was considering responding to the EIS. His memo was provided to the board.

Cook clarified this is a final draft letter. Reed comments draft has some proposed changes in it but most are insignificant. If presented to TRPA, must be done by March 3, 2008, the deadline for public comment.

Brooke reports there was a meeting with staff and the board committee, he made contact with the developer's attorney, Lew Feldman, that day. Feldman called back the following week. Brooke wanted to sit down and discuss what we came up with. Feldman was to get back with Brooke and has not to date. February 27 is governing board public comment hearing. KGID can submit comments up to March 3, 2008. The proposed letter should go before governing board meeting before February 27th. Hopefully we'll meet with Feldman before meeting.

M-2/19/08-6 – Motion by Beattie, seconded Schussel and unanimously passed to authorize KGID staff and legal counsel to negotiate a final TRPA response letter to be submitted to the TRPA in the event that negotiations between the District and Tahoe Beach Club are not finalized or are unsuccessful prior to the March 3, 2008 close of public comments, said letter to be signed by the Chairman of the KGID Board.

Tom Castenada asks if Feldman has seen AMEC recommendations and letter? Brooke explained he had not. Beattie reported we'd much rather deal with this before the governing board.

The board took a brief break.

DRAFT KINGSBURY-EDGEWOOD INTERTIE FACILITY OPERATION AND MAINTENANCE AGREEMENT

– Attached is the draft intertie agreement between Edgewood Water Company and Kingsbury GID. This document was originally drafted between KGID Edgewood staff members. Once the staff had agreed to the intent of the document, it was remanded to Edgewood’s legal counsel for drafting. The document you see here is a result of that draft. Both KGID and Edgewood representatives have reviewed the document and have discussed their concerns with the draft language. Staff members from both organizations are in agreement with the concerns with the draft. At this point those issues include the following: 1) A notification requirement needs to be included in Article VI. If one party removes something from the intertie facility, it must notify the other party prior to that removal, 2) The annual meeting will be in February of each year, and at least 5, but not more than 10 days notice will be given prior to each meeting, 3) Article IX and Article XIII seem to be in conflict with one another. Legal counsel needs to determine if indeed these are in conflict, and if they are, how to rectify the situation, 4) Edgewood will provide insurance coverage for the facility and the costs for that coverage shall be split equally between Edgewood and KGID, 5) We need to consider an “opt out” clause for this document. As written, there is no mechanism for either party to opt out of the agreement.

There are relatively few items that need to be considered and corrected in the document. Since there is a requirement that this document be finalized prior to the award of the construction project, and since the construction project is now out to bid, I recommend that the Operations Superintendent with legal assistance be authorized to negotiate the final details of the document and execute the document on behalf of KGID.

Reed explained that he and Brooke discussed this item further this evening. The Edgewood attorney has developed this draft, we’ve gone thru it with Cam and he’s gone thru it with Park Cattle, major concerns have been answered. Parties will insure facility, are we both insuring it? Edgewood will insure it and we’ll split costs 50/50. All costs will be split between two entities. Brooke will look at the agreement and he will draft a redline version and get it back to Park Cattle. Article 9 vs. article 13 seem to be contradictory, Brooke will strengthen language and clarify. Do we need to look at having an opt out clause? Should one entity have ability to buy out the other entity? Scott could draft language to opt out. Should either entity have the option to opt out?

What would useful life of facility be? If exercised on a routine basis, the life would be on the 40-50 year life.

Beattie comments that the committee should have a tiebreaker vote; it is organized with two members on each side EWC/KGID. We need to add mediation and later arbitration with appointment by mutual consent.

Beattie wants to clarify authority of spending in section 7.6.

Brooke would like to keep this open for board review at the next meeting because he doesn’t know what they may come back with. Beattie wants there to be finance charges in section 8.7, and add legal fees or interest and an enforcement provision.

Hayes comments he’s against an opt out clause. Reed explained scenario where an opt out clause is appropriate.

M-2/19/08-7 – Motion by Beattie, seconded by Hayes and unanimously passed to authorize the Operations Superintendent, with assistance from legal counsel, to prepare final language of the Edgewood/KGID Intertie Facility Operations and Maintenance Agreement for return to the board before final approval, and approve an amendment to award ½ of the costs of an accepted construction bid prior to approval of the operating agreement if necessary.

FACILITIES LEASE AT 160 PINERIDGE DRIVE – At the December 17, 2007 board meeting, a proposal was provided by Trustee Cook from JM Ranches for the 160 Pineridge building which included adding the two bays for storage of the district’s new Vactor Truck and Sweeper, leasing the upstairs two front office spaces adjacent to the district offices, eliminating the two upstairs storage offices and eliminating the downstairs crew offices. Josh Theriot (representative of JM Ranches) has provided the attached lease based on the new configuration for the boards approval.

The base lease costs proposed for the first year are as follows:

Space description and cost/sq.ft.	Total Square Footage	Monthly Base Rent	Annual Base Rent
Office lease at \$1.65/sq. ft.	1,830	\$3,019.50	\$36,234.00
Warehouse/Bay at \$1.25/sq.ft	1,366	\$1,707.50	\$20,490.00

Additionally, per item 1.8 of the lease agreement, the district will be required to pay 40% of the electricity and gas bills of the entire building. Per Exhibit D, the annual lease rate will increase three percent each year of the lease and the district will have the option to extend its lease for an additional 3-year term after the initial 3-years has been completed.

JM Ranches has structured the lease to be effective on March 1, 2008. This is the date that the district will start paying on the two front offices in an additional amount of \$1014.75/mo for the additional 615 sq.ft at the new lease rate of \$1.65/sq ft. As soon as we can vacate the two storage spaces and downstairs crew offices, we will discontinue rent payments on those spaces amounting to 1064 sq.ft or \$1649.20/mo. We will not begin paying rent on the bays until they are ready for occupancy, which Josh expects to be within 90 days of the effective date of the agreement or May 30, 2008. Currently, including the lease at TRPA, the district is paying \$4338.50 per month in lease costs.

Exhibit B – “Work Letter” included in the lease agreement explains the improvements JM Ranches will complete as part the agreement, and includes removing the center dividing wall between the two bays, raising the height of one bay door to a minimum of 13’, removing any existing loft structures from the bay the District may request, and adding an exhaust mitigation system to the bays.

Josh Theriot received the TRPA approval for the Qualified Exempt Change in Operation Form. (Approval Attached)

Brooke states we are waiting to get comments back from landlord and have a conference call tomorrow. They reinserted the provision to put risk on District for building, which is a major issue. We’ll bring back to next meeting.

Beattie comments that the TRPA Qualified Exempt Form filed said the bay space was office/warehouse space, not garage space, which it is. He believed when a garage is under people, double drywall and fire sprinklers are required. Need to straighten out. Also, the current lease language specifically prohibits any flammable products in the building. We will store vehicles in the bays that will obviously have hazardous/flammable liquids. Hazardous substances normally found in a garage environment would be acceptable language. Also, the building is not ADA compliant, if it gets called out, we’ll end up paying for it. We need a statement in lease that says building is not ADA compliant and if required landlord will pay for it.

Insurance requirement should be changed to specify to what KGID has. Runtzel will look into this.

This item will be brought back to the next meeting.

M-2/19/08-8 – Motion by Beattie, seconded Hayes and unanimously passed to table the lease for 160 Pineridge to the March regular meeting.

SELECTION OF AUDITOR FOR 2008-2010 FISCAL YEARS – The FY 2005-2007 3-year audit services proposal of Grant Thornton has expired. Bookkeeper, Kim Garon requested another 3-year term covering audit services for FY 2008-2010 from Grant Thornton. In receiving that proposal, I requested she solicit other proposals for comparison. The attached spreadsheet shows a summary of the three firms we received proposals on. Kafoury Armstrong was also solicited and declined to submit a proposal due to current client levels and staffing issues.

Although Kohn & Colodny, LLP out of Reno came in with the lowest proposal, it is recommended that we continue to use Grant Thornton for the next 3-year term. This recommendation is based in part on the continuity we will receive with this firm. Additionally, they have provided excellent service to the District over the last 6 years including providing at least two of the same audit personnel from one year to the next. Some of the audit staff has been assigned to the KGID audit for 4-5 of the last 6 years and the audit Manager for KGID has remained the same since we contracted with them. This allows the district to spend less staff time “re-training” new personnel each year. If we award to the low-proposer, a significant amount of additional staff time will be required to get through the “learning curve” especially in the first year.

Additional costs to the District over the 3-year term using Grant Thornton, LLP. over Kohn & Colodny, LLP are \$14,500 or an average of \$4,833 per year.

M-2/19/08-9 – Motion by Beattie, seconded by Schussel and unanimously passed to approve the audit proposal of Grant Thornton, LLP for District audit services for the fiscal years ending June 30, 2008, June 30, 2009 and June 30, 2010 in the not to exceed amounts of \$40,000, \$42,000 and \$44,000 respectively, and reimbursement of necessary out-of-pocket amounts for travel or other expenditures in accordance with the proposal.

STATUS OF OPERATIONS YARD FACILITY NEGOTIATIONS AND IMPROVEMENTS

- On February 7, 2008, the BCM met with Andrew Strain of Heavenly and participated in a conference call with Tracy Larkin, NDOT representative to discuss the draft Tri-Party Agreement that was provided by Heavenly back in November. (Copy of draft agreement attached)

Some items discussed relating to the tri-party “Agreement for Purchase, Sale and Joint Use of Real Property” are as follows:

General comments – Tracy indicated this agreement format is different than she’s used to working with and she needed to review it with NDOT right-of-way department that is in the middle of employee turnover. Several people have left r-o-w.

1.3 Purchase Price – Strain reports they received an updated appraisal in the amount of \$315,000 for the land and he is looking to additionally recapture legal and appraisal costs of approximately \$15,000

1.5 Proration of Taxes – Tracy believes NDOT doesn’t pay taxes and Andrew clarified that they have paid the property taxes for the year on the property and would look to be reimbursed on a pro-rated basis.

1.6 Other Costs – Tracy had no issue with costs to be borne equally between Heavenly & NDOT.

1.8 No Real Estate Commission – Tracy agrees no broker will be involved in the transaction.

2. Surface Drainage Easements – NDOT agrees it cannot damage Heavenly property, NDOT won’t increase drainage, KGID won’t further burden Heavenly property, any increased drainage from coverage improvements will be taken care of by either entity, KGID or NDOT on their respective properties. Existing drainage that runs through all properties should not be impacted. Andrew will try to clarify the language.

3. Future Hazardous Waste Remediation - NDOT has no issue with

4. Storm Water Dewatering Basin Access – NDOT has no issue with, timeframe of construction depending on purchase – Andrew to add language to state that within 18 months to 2 years of purchase, the detention basin will be built. NDOT clarified that the access improvements have to come first and the detention basin will be constructed in-house with NDOT personnel & equipment. Next priority would be the sand/salt shed.

5. Roadway Access Easement – Expectation that the easement will change in accordance with the final approach. Language needs to be revised to state that Heavenly will grant a roadway access easement to NDOT and KGID for access to the property.

6. Acceleration and Deceleration Lane Construction – Language need to change and provide for shared costs between KGID/NDOT pending board approval. This item will be re-labeled as “Access Improvements” as no acceleration lane is planned. This item has no progress as quickly as planned due to the need for more mapping on NDOT part. NDOT designers are still looking at alternative access that will benefit Heavenly as well. Should have something by next week. NDOT plans to screen maintenance station with trees.
7. NDOT Road Message Signs – Tracy to check to see what’s been approved for Mt. Rose as they had similar request. Strain explains he’s not trying to get free advertising, just that for all involved it makes sense not to have additional traffic going up the mountain if lodges are full.
8. Good Neighbor Condition – KGID & NDOT have issue with last sentence stating that each would seek review and obtain approval from Heavenly as to type and location of future improvements. “Approval” will be replaced with “comment”.
9. Remedies Upon Breach – NDOT to have legal review.
10. Successors and Assigns – Intent of NDOT not to sell, may add language stating something like “for 20 years”.

Other general comments included:

NDOT believes they need the agreement in NDOT format, and will check with legal and right-of-way.

Runtzel to obtain proposal to update its appraisal, NDOT provided verbal approval, need NDOT shared cost agreement in place prior to authorizing the revision.

Strain needs a plan with more cover (to existing access) to provide to the appraiser.

Strain commented we should be able to use the material that’s at the yard, although it’s not near as much as hoped for. He’ll confirm. Sides of slopes along new access road will be planted.

Runtzel will provide a draft agreement to Scott Brooke for review, comment and recommendations.

Larkin and Runtzel to touch base around 2/19/08 will keep Heavenly and Board in the loop.

GENERAL MANAGER HIRING INCLUDING AUTHORIZATION OF A JOB OFFER AND CONSIDERATION OF JOB OFFER TERMS AND RELATED MATTERS -

M-2/19/08-10 - Motion by Beattie, seconded Schussel and unanimously passed to table this item to a future special meeting due to receiving a counter offer and further negotiation needs.

AUTHORIZATION FOR STAFF TO ATTEND ANNUAL AWWA CONFERENCE – Reed reported in writing he has had the fortune to be able to attend the AWWA conference on several occasions in the past. The conference is an invaluable tool to keep managers abreast of changes in technologies, changes in regulations, and changes in the profession in the water industry. I would like to be able to attend the event in Georgia this year. The last conference I attended was in San Francisco in 2005, three years ago. Given the dynamic environment in which we live and work in today’s society, three years is a long time to go without maintaining a finger on the pulse of the industry.

In years past, I have been in a rotation of other attendees, in order to keep all managers in tune to the changes in the industry. As such, a rotation could also work for KGID. I am not expecting to attend the conference annually, but would like to routinely be considered as an attendee. This issue was discussed during my interview process, and KGID has undergone significant changes since I was hired 9 months ago. However, I would still like to be given the opportunity to attend the conference this year in Atlanta.

The annual conference and exposition is an annual opportunity to learn from the best in the water profession. Depending on the year, between 10,000 and 15,000 attendees gather from around the world to attend multiple conferences and seminars. The topics presented at the seminars and sessions are timely to many of the issues facing KGID today. Metering, conservation, rate setting, new treatment technologies, new regulations are but a few of the classes that are available.

Educational sessions run from

- Noon to 5:00 p.m. on Monday
- 8:00 a.m. to 5:00 p.m. Tuesday
- 8:00 a.m. to 5:00 p.m. Wednesday
- 9:00 a.m. to Noon on Thursday

He provided a list of the types of topics that will be presented upon at the conference:

- Protecting and preserving your corrosion & buried infrastructure
- Operating strategies for new and emerging treatment technologies
- Distribution system programs for maintenance, operations and emergencies
- Public / private partnerships for infrastructure construction
- Health effects research
- EPA / State regulatory and implementation update
- Customer metering development and the emergence of residential fire sprinkler systems
- The infrastructure challenge: What pipes to renew and how to renew them
- Instituting water loss control as a fundamental water utility practice
- Emergency Preparedness and event readiness recovery
- Reorganization / consolidation: Grappling with growth
- Inside / outside rates: Water budgets and ratemaking
- Distribution system research
- Emergency planning
- Small systems treatment
- The current behind flow: Conserving energy by conserving flow
- Commercial, landscape, rates and water budgets
- Total coliform rule / distribution system advisory committee – What lies ahead for TCR?
- Advances in corrosion control
- Source water protection
- Be prepared: Conservation plan development
- New tools for water conservation
- UV disinfection and oxidation

In addition to the seminars, there is a demonstration of vendor's wares at the Exhibition Hall. Vendor's from around the world are present to showcase the latest technologies in treatment systems, meters, billing software, GIS and GPS capabilities, distribution system technologies, electronic surveillance systems, security systems, operation and maintenance of tanks, tank systems, heavy equipment. Nearly every aspect of running a water system is on display, and this is the ideal setting to make contacts with others in the profession that are doing the same things we are facing here at KGID.

Although attendance at the conference is not free, and it entails a commitment from KGID, I believe it is worth the expense. Keeping current on the changes in the industry is important to KGID to ensure that we are well poised into the future to meet the demands and the requirements that will come our way. I have experienced this event first hand, and am a firm believer in the value that is received from attendance at the conference.

M-2/19/08-10 – Motion by Beattie, seconded Hayes and unanimously passed to authorize the Operations Superintendent to attend the 2008 AWWA Annual Conference and Exposition in Atlanta, GA from June 8 to June 12, 2008.

AUTHORIZATION TO HIRE OPERATOR-IN-TRAINING POSITION – The Operator in Training (OIT) position (attached) was developed as a mechanism to bring qualified people into KGID and train them to become water operators. This allowed a non-operator to successfully train, learn, and become certified to be a water treatment operator at the District. This philosophy remained in effect until 2006, when, with the approval of the union, the position of Maintenance Technician I (MTI) was created (attached). Additional positions of Maintenance Technician II and Maintenance Technician III were to be developed to supplement the MTI position. Those positions have never been developed.

In 2007, two new employees were hired into the MTI position, and remain there at this time. As originally envisioned, the MTI would be an all around employee, learning both the road crew activities, and becoming trained in the water crew activities. This would create an employee that would move between disciplines, and allow more flexibility in the District's day-to-day activities.

However, the MTI position description, as currently written, has some fundamental differences in it from the OIT position description. Foremost of those is the time requirement for certification. The OIT position has a requirement that certification be obtained within 12 months of employment. The MTI position has no such requirement. Therefore, an individual in the MTI position could conceivably never become a qualified operator.

The eventual development of the MTII and MTIII positions may have solved this problem, but without those positions, a problem exists that must be solved. There are several methods available to correct the problem. One is to develop the MTII and MTIII positions. This is a process that would need to go through the union for approval. The other alternative is to hire an OIT and begin the training process for that individual given the time constraints that already exist with the OIT job description. I recommend the latter.

Beattie asks why we need an OIT, Reed explains to get another operator in training such that another person is ready to go. Virgil may retire this August. First intent is to hire within, take the two MT1's and get one as OIT leaving 5 people on the water crew and 2 on the road crew. Another 5th operator in future remains to be seen. Wants to hire from within.

If there are no in-house applications, this will come back to board.

M-2/19/08-11 - Motion by Schussel, seconded Beattie and unanimously passed to authorize the Operations Superintendent to entertain applications for the position of Operator in Training and hire a qualified candidate.

Beattie asks what is the solution; does Reed have intention to develop Maintenance Technician II and III? Reed responds he has no intentions of doing so at this time.

DISCUSSION AND POSSIBLE ACTION TO APPROVE A TEMPORARY SALARY BONUS FOR THE BUSINESS & CONTRACTS MANAGER WHO HAS DEMONSTRATED EXEMPLARY PERFORMANCE ABOVE AND BEYOND THE PRESCRIBED JOB DESCRIPTION IN THE ABSENCE OF A G.M. AND IN CONSIDERATION THAT THE DISTRICT IS OPERATING WELL AND SPECIAL PROJECTS ARE BEING ADDRESSED SUCESSFULLY

– Cook apologizes to the board and reports he came up with figures that may have been presumptuous but explained he informed Runtzel to except nothing. Cook provided the presented figures to Runtzel for inclusion in this board report. He based figures on Rohr's previous salary and explained he was trying to implement that. He thought it was a good place to start. This item is in recognition for BCM's exemplary performance above and beyond the job description. He discussed with Hayes and Beattie, and felt it was conceptual on his part.

Hayes is in favor of bonus because of situation, appreciates hours put in, going forward and effort. Beattie explains this will go on another month, and recommends providing a \$2000 bonus for the months of November thru March.

Schussel agrees Runtzel deserves bonus and appreciates all she has done. He has concerns on how would public react. He acknowledges she's worked very hard.

M-2/19/08-12 – Motion by Hayes, seconded by Beattie and passed to approve a temporary salary bonus of \$1500/mo for the months that are covered until a new GM is hired, at this time the months of November through March. Schussel votes nay.

This item will be revisited if we are unsuccessful filling the GM position.

BOARD REPORTS – No board reports

STAFF REPORTS

Operations Superintendent Reed and Business & Contracts Manager Runtzel submitted a written report that is included in the meeting records. Bookkeeper Garon provided cash position statement as of December 31, 2007 and draft financial statements as of the same date.

Operations Superintendent Report

Reed explained Item 4 – SCADA system software is updated annually. This is correcting issues to be in compliance with sanitary survey from October. We are in the process of creating new and improved facilities at the lake station. We're pulling all of the information on bulk storage on zinc tanks, new ultrasonic meter, that signal is being run into the SCADA system. Looking at purchasing a stand-alone box that will have a touch screen that will relay to the SCADA system.

Business & Contracts Manager

We will agendaize the Direct Deposit item on next months meeting to discuss further. Beattie will discuss waiving the \$150 set up fees with Colonial Bank.

ATTORNEY'S REPORT – Brooke reported he is waiting to hear from Feldman. He summarized where we are heading in potential negotiations.

CORRESPONDENCE – Correspondence received included the following: 1) Letters from Division of Water Resources approving the Application for Extension of Time for District water rights, 2) Letter from resident Clay Warnock regarding the Tahoe Rim Trail along Buchanan, 3) Letter from residents Phil & Tania Humphries regarding good job done by snow plow operators, 4) Letter from Linda & Roger Preston with snow removal complaints and 5) Letter from Runtzel to Prestons regarding the snow removal operations.

Beattie asks to set up a brief special meeting between the 26th and 28th for the GM position. Runtzel will schedule the meeting after checking with Treanor for availability.

ADJOURNMENT

M-2/19/08-13 – Upon a motion by Hayes, second by Schussel and unanimous approval, the meeting was adjourned at 10:15 p.m.

Respectfully submitted,

Robert Cook, Chairman

Attest:

Carolyn Treanor, Secretary