

**MINUTES OF THE SPECIAL MEETING OF THE
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES
FRIDAY, FEBRUARY 29, 2008**

CALL TO ORDER – The meeting was called to order at the KGID office, 160 Pineridge Drive, Stateline, Nevada at 3:25 p.m. by Chairman Cook. Treanor led the pledge to the flag.

ROLL CALL – Present were Trustees Hayes, Cook, Beattie and Treanor. Trustee Schussel was not present. Also present was Legal Counsel Scott Brooke, Business & Contracts Manager Michelle Runtzel and Operations Superintendent Greg Reed. Present for a portion of the meeting was Kara Thiel of Feldman Shaw, LLP, attorney for the Tahoe Beach Club Developer.

PUBLIC COMMENT – There was no public comment.

CONSIDERATION OF AGREEMENT WITH TAHOE BEACH CLUB REGARDING THEIR PROJECT, THE ENVIRONMENTAL IMPACT STATEMENT AND A

DISTRICT EASEMENT – Kara Thiel of Feldman Shaw, LLP provided a three page Memorandum of Agreement and an exhibit of the potential easement. Chairman Cook informed the board that we attended the TRPA public hearing on the Tahoe Beach Club EIS on Wednesday, February 27, 2008 and that Mike Faeth of AMEC gave public comment informing the TRPA board of district concerns and indicated we were working with the developer. If we were unable to come to agreement, we would submit a letter by the March 3, 2008 deadline. Cook also provided public comment on Hobart's hole. On February 28th we were invited to Feldman's office to discuss our easement and other concerns. The committee, legal counsel and staff had further negotiations today for several hours.

Brooke elaborated that the committee met with AMEC representatives last Friday, he put together an agreement, and met with Feldman this Wednesday before the TRPA meeting. Feldman got back to Brooke, and said what was proposed was generally agreeable with the developers. Brooke agreed that KGID wouldn't specifically comment on our concerns at the TRPA public hearing, and we would generally report that the District was working with the developer.

Brooke noted that the proposal and easement provided by Thiel is already included currently within the districts non-exclusive easement, although it provides for expansion to east and provides some expansion to the north. The building area would be an exclusive easement. Expansion to north would be a joint use where the beach club would have a deck over our building. The existing building has a double door approx 10' high and we need to maintain the ceiling/roof height to bring equipment in and out. Access easement would be relocated but maintained by developer and reconstructed for heavy trucks and provide for turn around for the larger vehicles. Existing utilities will need to be relocated by TBC at its expense. The plan is designed to allow for future UV treatment. The north area in front of the building or permanent easement would require underground piping, but this would not be an exclusive use to the District.

Hayes asked about the air space? Brooke explained Tahoe Beach Club wants to be sure we don't increase the existing height of the building. Brooke further explained they will have a view easement but they would not be able to build over us in the future other than the proposed deck. The fuel facility will be relocated. There may be increased costs for construction to support the deck. The easement is dependent upon this project going forward with Alternative A, the developers preferred project.

Beattie explained to the board that there was considerable discussion this morning and the parties came to a comfortable agreement regarding the area to be used. After that, the developers brought up item 6 of the proposed agreement regarding water connection fees. A lot of work was done in good faith by both sides, KGID will have substantial costs to put the addition in, will spend significant amount of money moving fuel, underground piping, etc. Beattie and Cook are opposed to providing offsets for connection fees for the exclusive easement. These are separate issues.

KGID will have to expand the existing facility by 2010 to include UV; it is to mutual advantage to both TBC/KGID to build both buildings now using the same contractor. The district needs to plan for these construction costs.

Brooke explained the argument is that there are 155 units there now, and TBC feels they should not have to pay connection fees for the 142 units. KGID considers this as one customer. TBC wanted to trade connection fees for an easement. Kara Thiel reported TBC understands there is only one meter there now. They want KGID to look at what the actual costs are associated with the connection fee. Thiel stated that connection fees are typically for new development. The capacity should be about the same. If it costs KGID less than the \$2,000 minimum per residential unit, would we at least negotiate? She further states that they apologize for bringing this up at the last minute. Bob Mecay wasn't aware he wouldn't get a credit for the existing connections. Runtzel explains it's likely there will be some credit although it is unclear at this time without further research how much that would be.

Brooke recommends that the provision 6 of the memorandum should be deleted and he doesn't recommend that the board sign this memorandum. If there is a consideration for land value, that's a separate issue. Hayes notes that the ordinance for connection fees applies to other developers in the district as well, and we don't want to set precedence.

Treanor comments we are providing the water to the site now.

Cook suggests not signing the agreement, and that we continue to negotiate with developer and sent the KGID letter to TRPA. Beattie is okay signing the agreement if item 6 is out.

Brooke further states that the initial proposal he provided was that the existing easement document goes away and is replaced with a new easement. It's not a good agreement and has many issues. KGID should obtain a new easement like normal utilities with an access easement. Several items Brooke had in his original proposal were omitted from the developer proposal, including a requirement for the developer to submit for review and approval of a construction plan, landscape plan and utility relocation plan. The current proposal doesn't provide for a new easement only a modification of what exists.

Cook reports submitting the letter to TRPA is considered a last resort. Thiel understands and commented it's unfortunate for both.

The board took a brief break for Thiel to discuss with Mecay whether item 6 could be omitted from the agreement.

Thiel reported Mecay is not willing to remove item 6 regarding consideration for connection fees at this point.

M-2/29/08-1 – Motion by Beattie, seconded Treanor and unanimously approved that with sincere regret KGID does not agree to sign the Memorandum of Agreement between Tahoe Beach Club and KGID as proposed today by Tahoe Beach Club as it does not meet needed requirements of KGID and KGID will submit our comments to TRPA regarding the Environment Impact Statement of Tahoe Beach Club no later than noon Monday, March 3, 2008.

Treanor asks if on Monday or before noon, TBC comes back and meets terms, would we submit the letter? Cook feels we would not submit. Brooke noted he is not available on Monday.

GENERAL MANAGER HIRING INCLUDING AUTHORIZATION OF A JOB OFFER AND CONSIDERATION OF JOB OFFER TERMS AND RELATED MATTERS– Trustee Beattie explained this item was put on agenda to come to salary agreement with the selected GM candidate. Cameron McKay is of town this week. Beattie will talk to McKay Monday and we may need another special meeting

M-2/29/08-2 – Motion by Beattie, seconded by Treanor and unanimously passed to table this item to the next regular or special meeting.

ADJOURNMENT

M-2/29/08-3 – Upon a motion by Beattie, second by Treanor and unanimous approval, the meeting was adjourned at 4:22 p.m.

The meeting was re-opened at 4:26 p.m. and further discussion of the Beach Club on Lake Tahoe EIS took place.

M-2/29/08-4 – Motion by Beattie, seconded by Hayes and unanimous approval the meeting was adjourned at 4:47 p.m.

Respectfully submitted,

Robert Cook, Chairman

Attest:

Carolyn Treanor, Secretary