

**MINUTES OF THE SPECIAL MEETING OF THE
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES
THURSDAY, JANUARY 24, 2008**

CALL TO ORDER – The meeting was called to order at the KGID office, 160 Pineridge Drive, Stateline, Nevada at 1:00 p.m. by Chairman Cook. Runtzel led the pledge to the flag.

ROLL CALL – Present were Trustees Hayes, Cook, Schussel, Beattie and Treanor. Also present was Business & Contracts Manager Michelle Runtzel and Water Treatment/Distribution Grade III Operator Eric Johnson. Present for portions of the meeting were Brent Farr of Farr West Engineering and General Manager candidates Cameron McKay, Mahmood Azad and Lennard Alkire.

PUBLIC COMMENT – There was no public comment.

INTERVIEWS AND SELECTION OF FINALISTS FOR THE GENERAL MANAGER POSITION– Three General Manager candidates were interviewed throughout the day including Mahmood Azad, Cameron McKay and Lennard Alkire. The candidates were scheduled in approximately 1 1/2 hour increments and interviews ranged between 45 minutes to 1hr 10 minutes. Periods between interviews were used for board members and staff to discuss the candidates and for break periods.

Each candidate was provided in advance with a listing of 64 task items, each with brief descriptions, and they were asked to rate the top ten tasks to complete and provide explanation as to why they choose their top ten. Candidates provided either verbal or PowerPoint presentations. Additionally, each candidate was asked to answer whether KGID needs an Operations Superintendent or an Operations Supervisor and why?

After each interview, Runtzel and Johnson provided comments on the proposed candidates at the board's request.

GENERAL MANAGER HIRING INCLUDING FURTHER CONSIDERATION OF CANDIDATES, CONSIDERATION OF JOB OFFER TERMS, AUTHORIZATION OF JOB OFFER AND RELATED MATTERS - There was a brief discussion of candidates after the last interview and the committee requested additional time to complete reference checking on the two top candidates. A draft Employment Agreement was provided to the board for review that included staff recommended changes and attorney comments. A tentative special meeting was scheduled on February 12, 2008 at 6:00 pm to further discuss a potential job offer, select the top candidate and to discuss offer terms. The Employment Agreement will be discussed and reviewed further at the next special meeting.

C-1/24/08-1 – Consensus by the board to schedule a tentative special meeting on February 12, 2008 at 6:00 p.m. after reference checking is completed on General Manager candidates for further consideration.

FACILITIES LEASE AT 160 PINERIDGE DRIVE – This item was tabled to the next regular board meeting.

WATER METERING PLAN – Runtzel reported to the board the following in part:

On January 17, 2007, I received a letter from Michelle Stamates of NDEP stating that as a condition of the additional grant for the Phase 1 Water System Improvements "KGID will submit a plan (and estimate) for the installation of residential water meters on all connections within the GID and the implementation of a tiered rate structure for metered customers." The plan was to be submitted to their Board within six months from the date of that meeting, or February 23, 2007. The letter further states:

"On February 21, 2007, KGID sent a letter stating that they were in the process of preparing a water metering plan for adoption by the KGID Board of Trustees by the summer of 2007. Please provide a copy of the adopted plan for review by the Board by February 15, 2008."

I have included this item as an agenda item for the January 24, 2007 special meeting due to the fact that we don't have another board meeting scheduled until February 19, 2008, days after the deadline for NDEP.

I took all of the information I could readily find on water metering discussions home with me last night and prepared notes to prepare an outline for a metering plan. I've developed a conceptual plan that includes purchase and installation of a radio read metering system and installation of approximately 386 meters that will be funded through the existing grant and are required under the grant conditions. The meters that are installed will not be billed at a new tiered rate structure (to be determined after data is analyzed) until 1 year after installation to allow both the customer and the District to analyze and adjust usages and develop a tiered rate structure that provides revenues to sufficiently cover operating and other expenditures.

Additionally, the plan will state "as additional grant funding allows for water distribution replacements, the district will install meters in areas that receive the improvements as part of the project." These and all customers who have a water meter installed will receive a 1-year grace period on billing.

I'm hopeful that the board will look at this plan favorably. I believe by giving our customers a one year grace period to evaluate their usages and see what their bills would look like prior to initiating the actual billing, it should take a lot of the "heat" off of the board. A plan approved by NDEP also allows us to request the needed additional grant funding for future infrastructure replacements expected to cost over 20 million that we will not otherwise be eligible for, potentially leaving our customers to foot the bill.

I contacted Brent Farr of Farr West Engineering who is working on our financial plan. I discussed the conceptual plan with him and he felt it was a very good approach. He offered to help us and will provide an outline "draft" plan that can be provided to the NDEP board. The draft plan will include provisions that a final plan would be adopted by KGID after NDEP approval and public hearings. I would propose we begin

distributing the draft plan to our customers within the next couple of months or so and hold at least one public hearing, possibly at the May budget public hearing. Brent will contact Michelle Stamates to ensure we provide her with what she expects. I'll provide him with a rough outline this weekend and any pertinent information he may need and he in turn will provide the draft for board consideration on Thursday. I don't expect to receive the plan until late Wednesday and will forward it to all board members as soon as I get it. I approved a not to exceed amount of \$2,000 to be billed at T&M at an average hourly rate of \$100/hr for his services.

I know the board has not been anxious in the past to deal with this issue, however, I think the plan will be palatable to our customers and considerably less painful than previous plans, especially in light of the benefits of grant funding for the needed improvements. Of course, the key issue will be the development of the tiered rate structure, which I think we will have some time to develop. I would plan to install the meters in the 2009 summer, although, conceivably it could be done this summer and we could begin to obtain data for rate structure analysis.

I wanted to give the board this "heads up" in advance of the upcoming meeting so you can begin to gather your thoughts on it and be somewhat prepared to discuss it. I need authorization to present a plan to NDEP prior to February 15. If anyone has any thoughts or concerns with the above, or any input/recommendations, please let me know right away. I'm working on a very short timeline.

PS - Ms. Stamates letter also states in part "If KGID is not prepared to move forward with the tank this year, the Board may consider de-obligating the funds from the Kingsbury project and applying them to projects that are prepared to proceed." Bob and I are working on this, he's made contact with Guy Lefever and Andrew Strain and I've contacted Mike Faeth of AMEC. Bob scheduled a lunch meeting with Strain next Friday, I'll try to get Mike Faeth to attend as well and will focus my efforts next week on familiarizing myself with the status of the Tank 10B project and compiling information for Mike Faeth."

Brent Farr of Farr West Engineering attended the meeting and provided an outline for the metering plan for the board's consideration. Discussion of the grant requirements and need for a metering plan took place. Brent explained that the State wants an entirely metered system that promotes conservation. Whether the District would phase metering or take on a project that includes installation of all meters was discussed.

M-1/24/08-1 – Motion by Beattie, seconded by Hayes and unanimously passed to authorize Farr West Engineering to prepare two proposals for NDEP consideration regarding a water metering plan including 1) Install all meters in a phased project with 85% grant funding, or 2) Install meters as part of a phased plan as grant funding is available for waterline replacements in accordance with Runtzel & Farr's proposal.

Hayes left the meeting at 6:05 p.m.

ADJOURNMENT

M-1/24/08-2 – Upon a motion by Beattie, second by Treanor and unanimous approval, the meeting was adjourned at 6:06 p.m.

Respectfully submitted,

Robert Cook, Chairman

Attest:

Carolyn Treanor, Secretary