

**MINUTES OF THE REGULAR MEETING OF THE
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES
TUESDAY, MARCH 23, 2010**

CALL TO ORDER – The meeting was called to order at the Kingsbury General Improvement District office located at 160 Pine Ridge Drive, Stateline, Nevada at 6:00p.m. by Chairperson Hayes.

PLEDGE OF ALLEGIANCE – McDowell led the pledge to the flag.

ROLL CALL – Present were Trustees Schussel, Hayes, Treanor, Barratt and McDowell. Also present was General Counsel Scott Brooke, General Manager Cameron McKay, Business & Contracts Manager Michelle Runtzel and Operations Supervisor Eric Johnson. Present for a portion of the meeting was Brent Farr and Ralph Wenzinger of Farr West Engineering, James Beattie, Dan Norman, Jason Hudak, and Daria Voyt.

PUBLIC COMMENT – James Beattie asks if KGID will try to gather information from each of the Trustee candidates and make it available for public review? McKay plans to do that this summer. Schussel thinks we should maybe have a forum with all the trustee candidates; the board can ask general questions and allow the community to ask questions, mid September or early October. We will have a Meet the Candidates night. Treanor asks to be sure we are sending agendas to the candidates, Runtzel we will start sending them.

APPROVAL OF AGENDA

M-3/23/10-1 – Motion by Treanor, seconded Barratt, and unanimously passed to approve the agenda as presented.

APPROVAL OF CONSENT CALENDAR –

M-3/23/10-2 - Motion by Schussel, seconded McDowell, and unanimously passed to approve the Consent Calendar as follows:

- A. Minutes of the Regular Meeting of February 16, 2010
- B. Claims in the amount of \$319,048.89 as represented on the List of Claims by check numbers 44146 through 44301
- C. Approve the Renewal and Extension of Agreement for Legal Services to March 31, 2011 between KGID and Brooke, Shaw & Zumpft with a \$10/hr increase in the hourly rate for additional services to \$200/hr for any additional hours over the eighteen (18) hours per month included in the monthly retainer of \$3,000 under the same terms as last year.
- D. Authorize the Operations Supervisor to purchase a 2010 Tacoma through State Purchasing contract and trade in the 2008 Tundra for a net price not to exceed \$10,000.
- E. Authorize the Operations Supervisor to purchase Trimble GPS equipment from Monsen Engineering for a sum not to exceed \$12,200.
- F. Approve a) the addition of Trustee Robert McDowell as an authorized signer on KGID's check account and certificate of deposit at US Bank, b) removal of authorized signer for resigned Trustee Stephen Peck, c) determine that all checks shall be signed by at least one member of the Board of Trustees and two Trustee signatures are required on all checks in excess of \$100,000 and d) authorize the signing, by two or more authorized account signers, of any required resolutions or letters required to effect the above changes.

CONSENT CALENDAR ITEMS BROUGHT FORWARD FOR DISCUSSION - McDowell asks to pull item G forward. McDowell reports he had a discussion with the BCM yesterday and had some questions regarding the paint striping process.

McDowell asked if there has been thought in looking at other contractors to complete this work. There is staff time involved to do the work, set up time, cleaning time, and paint storage requirements. Hayes comments that we have discussed this over the last several years, we have been researching it diligently. Hayes was pleased to see the research done and that we are moving forward with the equipment. McDowell wanted to make sure there was some thought put into this item. McKay reports that we are well aware of the staff time, OSHA requirements, etc. Bringing another contractor in may cost significantly more.

M-3/23/10-3 – Motion by Schussel, seconded McDowell, and unanimously passed to approve Consent Calendar Item G, approval to purchase an EZ-Liner Model AL120 airless palletized pickup striper, for \$29,500 plus shipping and training costs not to exceed \$3,000.

There was no public comment.

UNFINISHED BUSINESS – There was no unfinished business.

NEW BUSINESS

PUBLIC HEARING ON THE INTENT OF THE BOARD OF TRUSTEES OF THE KINGSBURY GENERAL IMPROVEMENT DISTRICT TO ISSUE GENERAL OBLIGATION (LIMITED TAX) WATER BONDS ADDITIONALLY SECURED BY PLEDGED REVENUES

– On February 12, 2010 a notice of public hearing was published and again on March 12, 2010 stating that KGID would be holding a public hearing on the authorization to issue general obligation bonds to finance the project.

The notice on February 12th began a 90 day notice to all residents of a petition period in which they may bring to the Board of Trustees reasons why general obligation bonds should not be issued for this project.

This hearing is not on the meter project, it is on the issuance of the general obligation bonds to finance the meter project.

Although there will be a public hearing for the same reason on March 23rd, they will still have this 90-day time period to give notice to the Trustees about their concerns.

No action needs to be taken at this time as this is simply a hearing for the residents to bring up any concerns they may have regarding the meter installation project funding. If 5% of the voters in the District get a petition together to stop the issue of General Obligation Bonds, the board of Trustees can still proceed with the project if they so decide by issuing straight Revenue Bonds instead. These bonds are at a higher interest rate because they are based upon straight revenue from the water fund, thus a higher risk.

The GM acknowledged that the public hearing notification had not previously been advertised as he had stated in his staff report on this item. Runtzel published the public hearing notification for this meeting. The 90-day petition period began in February.

Schussel suggests we may want to publish and hold public hearings at each of the next three regular meetings to provide the public additional opportunity to comment on this issue. Barratt agrees and the GM acknowledges it's easy enough to do.

Hayes opened the public hearing and asked for comments. Hayes feels we are working hard on the rates and still need some additional work; still not sure what to do with the ordinances as the rates are different than what has recently been presented. Hayes wants to be sure when we complete the process for securing the bonds, we need to show the public what the rates may look like going forward. Hayes is trusting that staff will continue its work on the rates and provide this information to the public before we issue the bonds. There were no other public comments; therefore the public hearing was closed.

OUT-OF-TAHOE BASIN WATER ALLOCATION STATUS UPDATE - PURVANCE – The KGID Policy and Procedures Regarding the Out-of-Tahoe Basin Water Allocations, revised April 18, 2006, is included for Board reference and Section 7.c. provides that allocation holders are required to provide KGID with reports detailing activity and progress towards completion of Douglas County requirements. These reports are due to the district March 1 and October 1 each year and can be used by the KGID Board in considering the need to grant any requested extension.

The Clint Purvance project was issued two (2) allocations for APN 1319-19-802-007 with a validity date of May 25, 2007, was granted a one-year extension on May 15, 2008, and had one year from that date or May 25, 2009 to obtain a Douglas County Building Permit. At the January 12, 2010 regular board meeting, the Board authorized tolling of time to August 16, 2010 to obtain a Building Permit from Douglas County for the two (2) out-of-Tahoe basin water allocations.

Mr. Purvance provided the attached report timely for the boards review and discussion. As noted in the report, Mr. Purvance is also working with Paiute Pipeline on their construction planned for this summer. This will likely impact the ability for him to build this summer.

Runtzel explained that since her written staff report for the board was completed, Mr. Purvance has relinquished his two (2) water allocations and has taken out a new single allocation for his property. This was done primarily because of the Paiute Pipeline project which proposes to install almost a mile of new pipeline down Gasline Road. This is prohibiting him from completing construction on his site since it is the same access road that Paiute will be constructing on. Mr. Purvance has filed a motion to intervene in the Paiute project and is waiting to see whether he will be successful or not. In the meantime, there were no applicants on the waiting list for allocations, therefore, Mr. Purvance was able to relinquish his allocations and immediately apply for and secure a single allocation for his parcel, which starts the clock all over again. Mr. Purvance determined that with the economy as it is, and the fact that he has to use the upper road for access to the property, he will likely only build a single family dwelling on the site. KGID has held 10.34 water allocations in reserve for its use. Purvance now has one year to obtain a building permit and will have another one-year period to build.

Heavenly has not asked to acquire the two allocations that they failed to obtain in building permit for.

McDowell commented that he didn't believe that Mr. Purvance's status report was acceptable, and he would like to see more information. Runtzel explained that the board has seen and heard from Mr. Purvance over the last several years, and is more up to speed on the issues. The board sets the standard for the report, and Runtzel has never seen the board deny a report or ask for additional detail. Runtzel comments we've certainly seen lesser of a report. Hayes clarifies that there are a lot of times when there are issues that we don't totally understand. You have to determine whether someone is really making progress or is just stalling.

OUT-OF-TAHOE BASIN WATER ALLOCATION STATUS UPDATE - COLE – The KGID Policy and Procedures Regarding the Out-of-Tahoe Basin Water Allocations, revised April 18, 2006, was included under Agenda Item 9 for Board reference and Section 7.c. provides that allocation holders are required to provide KGID with reports detailing activity and progress towards completion of Douglas County requirements. These reports are due to the district March 1 and October 1 each year and can be used by the KGID Board in considering the need to grant any requested extension.

The William Cole project was issued one (1) allocation for APN 1319-19-802-006 with a validity date of May 22, 2007, was granted a one-year extension on May 15, 2008, and had one year from that date, or May 22, 2009 to obtain a Douglas County Building Permit.

Mr. Cole obtained a Douglas County Building permit after receiving a KGID connection permit within the prescribed time and therefore did not provide a status report on this allocation, however, he is requesting a one-year extension of time to establish actual service due to construction conflicts with a Paiute Pipeline project this summer. Paiute is planning to construct approximately 1000 linear feet of pipeline from S. Benjamin Drive, Jack Drive, and down Gasline Road. This request is in accordance with policy 7e attached. Mr. Cole has requested an extension on his building permit to 5/22/11 in accordance with the attached letter to Douglas County.

On February 4, 2010, Mr. Cole reserved another allocation for this parcel in accordance with the current zoning. The status report provided is for this recent allocation.

Runtzel explained that this is the same situation as Purvance, although, Mr. Cole actually had a building permit with only six months left to actually build. He felt he also was unable to complete his construction with the Paiute pipeline project this summer. He also relinquished his water allocation back to KGID and made application to take a new allocation out. His clock is also starting over for obtaining a new building permit. Mr. Cole is now holding two water allocations. Hayes asks how we will deal with this issue if Paiute Pipeline's project carries over to a second construction season. Runtzel believes that in that event, the policy allows for a one-year extension subject to board approval.

Jim Beattie suggested that we obtain something in writing from Paiute Pipeline regarding their project and impacts, and Runtzel clarified that she had included that in the board packets.

OUT-OF-TAHOE BASIN WATER ALLOCATIONS STATUS UPDATE – RANCHO PACIFIC, INC.

– The KGID Policy and Procedures Regarding the Out-of-Tahoe Basin Water Allocations, revised April 18, 2006, are attached in agenda item 9 for Board reference and Section 7.c. provides that allocation holders are required to provide KGID with reports detailing activity and progress towards completion of Douglas County requirements. These reports are due to the district March 1 and October 1 each year and can be used by the KGID Board in considering the need to grant any requested extension.

The Sievers/Rowles (now Rancho Pacific, Inc) project was issued fifty-two (52) allocations for APN 1319-19-802-001 & 002 with a validity date of May 24, 2007, was granted a one-year extension on May 15, 2008, and had one year from that date, or May 24, 2009 to obtain a Douglas County Building Permit for forty (40) of the fifty-two (52) water allocations currently held. The remaining twelve (12) water allocations were granted an extension until October 1, 2008 to allow time for Douglas County to make changes in the zoning ordinances to conform to the Master Plan.

On January 12, 2010, the board approved and acknowledged the Ninth Judicial District Court Order in Case No 08-CV-0166, Rancho Pacific Inc. V Douglas County, requiring Tolling of Time to August 16, 2010 for Rancho Pacific, Inc to obtain a Building Permit from Douglas County on APN 1319-19-802-001 & 002 for fifty (50) Out of Tahoe Basin Water Allocations.

Rancho Pacific, Inc. provided the attached report timely for the boards review and discussion.

On March 11, 2010, Scott Brooke and I attended a conference on this matter. The judge requested only attorney presence in the court room. There was no resolution in this matter and Mr. Brooke will be able to provide more detailed information at the meeting.

Judge was at a loss, trying to find a way to bring the parties together to resolve this. There is a lot of money involved. The settlement between RP and Douglas County will be rescinded. County may have to renegotiate. Brooke advised that the KGID board is not interested in any additional tolling unless it is for a very short time. Heavenly doesn't want the water allocations now because they cant use them.

Barratt asks where we are on the tolling issue. If the order is rescinded, then the tolling may go away. Tolling is until 8/11 to obtain a Douglas County Building Permit.

Runtzel explained that Mr. Brooke attended a conference with Judge Gamble and other attorneys relating to this case. Mr. Brooke explained that the Judge was at a loss, he was trying to find a way to bring the parties together and nobody had any suggestions for him. There is a lot of money at stake with the people that own the property and those that sold the property. The settlement between Douglas County and Rancho Pacific has fallen apart and will be rescinded. The county will have to go back to the beginning and come up with another settlement agreement or litigate the issue.

Brooke advised the Judge that the board was not interested in any more tolling unless it was for a very short period of time. Heavenly, who started the fight with Rancho Pacific, appears to not want the allocations any more, at least not now. The said they can't use them, don't want to build right now. Heavenly would like the units to go back to the pool and have them sit there until they are ready to use them. Per Brooke, that is also what Rancho Pacific wants to do; they want to get their financing together and build in a couple years.

Barratt asked about the tolling issue, he was confused. Rancho Pacific has until August 14 or 15 to obtain a building permit. If they don't do that, they will lose the water allocations per our policy. We are in a different situation now because there is no one on the waiting list now. Rancho Pacific could potentially relinquish their water allocations and turn around and get right back on the waiting list and regain them starting their clock all over again, just as Cole and Purvance have done.

RESOLUTION 2010-2, SECOND AMENDMENT TO RESOLUTION 92-4, A RESOLUTION ESTABLISHING POLICY GOVERNING THE VALIDITY OF UTILITY CONNECTION PERMITS

– The BCM provided a red-line version of policy revisions as proposed. This was requested by the board at the last meeting to conform with the proposed revisions to the Policy and Procedures regarding the Out-of-Tahoe Basin Water Allocations. At this time, we are proposing minor revisions to bring the policy current with the OOB Policy. As we move forward with water and sewer ordinance revisions, it may be necessary to revise and update again.

Runtzel provided the proposed revisions to Brooke and McKay who provided input.

Barratt asks about the deletion of the top paragraph on the last page which he felt gave the board more flexibility. Runtzel believed this was duplicative language from section 12. Barratt thinks the paragraph gives the board more flexibility. Per Brooke, the board always has the discretion to modify or amend any policy we have at any time and it does not need to be written for the board to have that authority.

M-3/23/10-4 – Motion by Barratt, seconded Schussel, and unanimously passed to approve Resolution 2010-2, A Resolution Establishing Policy Governing the Validity of Utility Connection Permits, Second Amendment, as written except without deletion of paragraph 3, section 12 at top of last page.

McDowell asked about item 5, second paragraph, what is “its new policy”? Runtzel believes it is referring to the original Resolution 92-4 which became policy. Brooke explains that we will be looking at this again when ordinance revisions are completed, and that the revisions included in this proposed amendment are specific to the Out-of-Tahoe Basin policy revisions that are being proposed. McDowell asks about item 7, where it says, no disconnections are permitted to exist for a period of more than 5 years. Runtzel explains that the intent of the language is that if you are disconnected for more than 5 years, you will be required to pay new connection fees at the then current rate to reconnect to the water system. He also asked about item 9, what if a structure is demolished by fire or natural disaster? Runtzel noted item 6, deals with this issue, the county must declare the property uninhabitable before we would stop monthly charges.

RESOLUTION 2010-3, THIRD AMENDMENT TO THE KGID POLICY AND PROCEDURES REGARDING THE OUT-OF-TAHOE BASIN WATER ALLOCATIONS

– The BCM provided a red-line version of policy revisions as proposed and reviewed by her, the GM and Legal Counsel Brooke. Runtzel explained that she updated the date on the document to this month, but that otherwise, this is the same document presented to the board last month.

McDowell asked on page 3, section 6.a, why we have chosen 10 days to accept or reject an application as opposed to 30 days? If staff wanted to bring this before the board, 10 days doesn't seem sufficient. Runtzel explains that policy is set by the board and this policy is administered by staff. In the event there was a problem with an application, staff would simply reject it, this is within Runtzel's authority. It would then be up to the applicant to dispute the rejection. Runtzel is comfortable with a 10-day period to accept or reject the application.

Hayes took a little time to further explain the proposed changes to McDowell. Beattie confirmed that under the revisions of 7.a, priority is based on date of application. The policy states that we will maintain a list of applicants (waiting list) based on priority date.

M-3/23/10-5 – Motion by Treanor, seconded Barratt, and unanimously passed to approve Resolution 2010-3, A Resolution adopting the Third Amendment to the KGID Policy and Procedures Regarding the Out-of-Tahoe Basin Water Allocations, as written.

WATER METERING PROJECT – PROJECT STATUS UPDATE, FUTURE RATE SETTING PRESENTATION AND DISCUSSIONS AND OTHER RELATED MATTERS

McDowell wonders how much difference in costs are for KGID because of elevation compared to other nearby entities. McKay explains that Roundhill was a planned community, all ac, C-900 or ductile iron pipe. They don't have the steel pipes and other infrastructure problems that we've had. It's hard to compare rates because we have inherited a water system made up of all different types of pipe, per the GM.

Schussel doesn't understand the \$5.48/thousand gallons. Farr explained that that is our current metered rate for water usage over 11,500 gallons and that we currently have some residential properties paying this rate.

Farr explained that with the options given, revisions have been made with BCM's help. We redefined the number of customers and updated 2009 water consumption with the 2009 pumped water totals. We also showed what revenues would be included a 20% or 30% reduction. We are still meeting 110% or so of necessary revenues. There were four options provided for board review and discussion. Option 1, included a base rate of \$50/mo and tiered rates of \$1.5, \$3 and \$5 for tiers of 0-5000, 5001-20,000, and over 20,000 gallons respectively. Option 2 included a base of \$53 and tiers of \$1.75, \$2.35 and \$4. Option 3 included a base of \$57 and tiers of \$1.5, \$2 and \$2.50 and Option 4's base rate is \$62 with tiers of \$1.00, \$1.50 and \$2.00. All of the proposed options meet the AB198 Grant requirement of meeting the 2% MHI.

Hayes asks why we have to meet the MHI when we first establish a rate. Why can't we establish our rates at that cost when we know we will be going back to apply for grant funding? Hayes understands we have to get meters installed, but doesn't see why we have to have the rates meet MHI. Per the GM, this is what he has been saying all along. We don't have to establish rates now until we actually have the meters in place. At that time we will have a better idea of what actual usage is. In two years, we will have to raise rates to meet the MHI percentage. The GM has been saying all along that rates are separate from installing the meters. Schussel tries to explain where Hayes is coming from, use this to persuade the public to gain grant income in the future. The idea behind this per Schussel, is to provide the public with some information so they can try to predict the potential impacts to their water billing.

Treanor feels we are going back and forth on this issue. She believes Hayes didn't want to install meters until he saw rates. Hayes clarified he wants to see rates during the transition period which he hopes are not too aggressive since we are new to this and secondly, he wants to present what we think the rates will be to meet the median household income. This would be at a rate presentation. We are doing our best job at guessing right now. People want to know how much this will cost them.

Daria Voyt commented that she would like to see a model house maybe, that someone could get a sense of what a water bill would look like. The public has no idea where we are or how much water they use. The GM explains that when the water meter is installed, we will be providing the public with water usage on each bill.

Farr explains that once we settle on an option, then we plan to present the option to the public, then we move forward with the metering project which will take at least two summers. We won't charge anyone differently until the whole district is metered. There will be quite a bit of time for most customers to evaluate usage. In looking at the proposed options, we are targeting approximately 112% of revenue, Farr doesn't think we can cut much more and still meet revenues.

Treanor clarified that the board tonight needs to pick an option tonight to present to the public. Last month, the board was in favor of options that were closest to options 2 & 3. In order to move along, we should settle on an option tonight. Because this wasn't agendaized for action tonight, the board can only come to consensus per Brooke. Brooke explains there is nothing wrong with the board giving direction to staff to bring an option back for public presentation. The GM doesn't think we are ready to present rates to the public yet. Schussel wants to bring rate information to the public as opposed to waiting two years down the road after meters are installed.

Barratt thinks it's critical to have a list of the parameters that we are working within on each of the options, especially when presented to the public. The grant and median household income are key factors that should be explained clearly. In April we should discuss when we are going to make this presentation. Runtzel suggested that we have a public hearing in May when we also have a public hearing on the Budget. The GM would like to have the hearing in June.

Beattie asks how long we are going to wait before we actually begin billing for metered usage and board members explained that we don't know yet, but that we want to wait at least 80% of the district is metered. Runtzel points out that the two areas we plan to meter this summer are the lower Kingsbury and Andria area, likely the highest users compared to who will be left to meter. McDowell acknowledges that he went from using 75,000 gallons in the summer down to 35,000 gallons and he will be looking this summer to further reduce usage.

The GM reports there will be a lot of information provided to the public on how to reduce water use. Voyt comments that she is considering on changing her landscaping reducing usage and the sooner she knows how much she is using the sooner she can contemplate any changes. McKay reminds Voyt that although her summer usage may be higher, it will only be during the summer months. Farr commented we want people to understand that there should have to be drastic changes in use, but that most people can cut back their usage because they are over watering and still have a nice lawn. Treanor notes that she has asked herself what it is worth to have a lawn in the summer and how much she is willing to pay during those short summer months. Schussel comments we don't want to lose lawns, it affects property values.

Schussel is in favor of Option 3, Barratt is in favor of the lower Option 1. Hayes is focusing on the tiers. Barratt thinks we can tweak the tiers and maybe extend them to 30,000 gallons. Farr explains that the first tier is set for the necessary indoor usage, the second tier to 20,000 gallons is set for average usage and the third tier is set for above average. Hayes asked about using option 3 with a 35,000 gallon new tier 3 and above 35,000 would be a fourth tier. Farr thinks adding the fourth tier further complicated billing. Average overall use is 20-25k in the summer months. Farr thinks we could start at option 3; condo users still get a break on the base rate. The high use water area customers would hopefully not think they need to take out their lawn. Barratt also doesn't want the people who aren't irrigating landscaping to subsidize the high users. Farr thinks options 2 or 3 are good places to start. Barratt's neighbor believes that paying \$53-\$57 for each condo owner is too much. Farr comments that Barratt's point is well taken, as you look at option 3, we would obtain 150% of fixed costs required revenues. There is somewhat of a subsidy going on, however, for the district as a whole it may be a good place to start at option 3 and further refine it later. We want to tell the public that this is our best estimate of what our rates will look like. Hayes preference is that the ordinance is changed to these rates for the next two years. McDowell prefers Option 3. Schussel wants it to be fair to both upper and lower areas, but he is scared that over the years those lawns will disappear.

Hayes asks Farr if he believes Option 3 can sustain over the next 10 years. Farr is confident in all of the options. Hayes would like to see a 30% reduction in water usage on the options. He wants to show that we have to protect our revenues.

C-3/23/10-1 - Consensus by the board to bring options 2 & 3 back to the next meeting to make a decision on what to present to the residents.

PROPOSAL FOR AMENDMENT TO TASK ORDER #3 BY FARR WEST ENGINEERING TO INCLUDE ENGINEERING SERVICES RELATING TO A WATERLINE REPLACEMENT PROJECT ON SHERWOOD DRIVE AND TO INCLUDE BIDDING PROCESS ON SHERWOOD DRIVE WATERLINE REPLACEMENT AND OTHER EXISTING WATER LINES IN TASK ORDER #3 - The original task order included water line replacement to Ski

Court, Vesper Court, and Hubbard Drive. The total projected cost of these projects was \$147,900 as we had originally intended to install the lines in-house and not go out to bid.

These water line replacements came under the Lake Tahoe Community Fire Protection Partnership grant funding of \$5,000,000 to the Basin as a whole of which KGID received \$360,750. This grant and future grants to this same partnership are managed by the USFS and STPUD. Out of the original amount, standby generators were purchased and installed at pump stations #2, #3, #4, and #7. The cost of this installation was \$288,600 of which we received a 50% grant of \$144,300. That leaves us with \$216,450 in available grant funds for a project total of \$432,900.

Originally we were told by STPUD that if the money was not completely used within the 2-year time frame ending May 29, 2011, we would be able to roll the money over into another project, and include the left over funds in the upcoming 2010 LTCFP agreement. It has now come to light that the money must be spent by May 29th 2011 or we will lose any remaining funds.

If we only upsized the water lines on Hubbard, Ski and Vesper, we would have approximately \$285,000 of unused fund left over. This money would be completely removed from access for any projects in the future.

Therefore the GM added in the replacement of a 6-inch line to replace the existing 4-inch line on Sherwood Drive. We have had two major line breaks within the last few months and by replacing this line we will eliminate future problems. The one disadvantage with installing this new line is that this road was repaved in 2008. The installation of this line may cause future problems with the road as there will be a cut line running the length of the road plus all of the connection lines crossing the road giving the potential for moisture to penetrate the roadbed, and allowing the freeze/thaw cycle to deteriorate the protective coating.

I have also included going out to bid and using outside contractors for this new line and the other three waterline replacements.

As you can see in amendment with Farr West, there is a total estimated price of \$536,000 for all of these projects. This is over the amount of 2009 grant funds available, (\$432,900). The difference (\$103,100) is allowed to be carried forward and funds from the upcoming 2010 grants can be used to cover 50% of that difference.

The original Task Order #3 is included.

Ralph Wenzinger explained that plans are at about 60% right now. Gm explains that we could potentially lose funding and suggests that we include Sherwood Drive to utilize the funding. We will upsize and replace a portion of Sherwood. We will continue with Ski Ct, Vesper and Hubbard as originally planned. The KGID crew will install Vesper Ct itself and we will bid the other projects.

M-3/23/10-6 – Motion by Treanor, seconded Schussel, and unanimously passed to approve changes to Task Order #3 from Farr West Engineering to include water line replacement of Sherwood Drive.

BOARD REPORTS – McDowell reported to the board that he would not be able to attend either of the April board meetings as he annually takes a vacation to Maui for a month. McDowell asked whether we could get some savings from Nv Energy by not paying the demand fees. We are in the process of looking into this. McDowell asked if we have a Disaster Plan, yes.

STAFF REPORTS – Written staff reports from the General Manager, Business & Contracts Manager and Operations Supervisor were included in the meeting backup provided to the board. Bookkeeper, Kim Garon, provided cash position statement as of February 28, 2010.

General Manager Report – Barratt asks how the Nevada Rural Water Conference, very good, cheap way to get edu's.

McDowell asks about TMDL impacts? McKay reports at some point we are going to have to track all sand going on the roads and how much is getting picked up. It's very hard to keep an accurate count on how much is in basin v. out-of-basin.

Business & Contracts Manager Report – Runtzel had been working on the budget and out-of-basin water allocations over the last couple of days, since the report was written. Hayes asks if the board will see the matrix for metering multi-family residential units. The GM doesn't believe we are ready to make a recommendation yet on this. We met with Brooke to discuss and per the GM; we came up with three potential alternatives. The Board will probably see this in May.

Snow storms, although many have been small. We haven't had too many issues.

On the Lakeside issue – management will sit down and go over the billings to determine how to deal with them.

Operations Supervisor Report – Eric explained that the Lakeside meters were changed out and the main meter that was taken out was a turbine meter and the replacement meter was a true compound. All low flows are now being counted where apparently they weren't before.

Quaking Aspen sewer spill – spill on the main line, Summit cleared the stoppage but wasn't sure what it was from. The spill was dropping into a DI and going over the side of the roadway. Once the snow subsides, we will re-inspect and complete further cleanup if necessary. A duplex on Quaking Aspen was damaged resulting from this spill; however, we informed the property manager that they were responsible for cleanup inside the building. The bottom half of the home sits below the sewer main on Quaking Aspen and this property didn't have a required backflow device. Runtzel reports it is possible we may see a claim on this item. As far as our insurance is concerned, this is an unforeseeable condition and not a result of negligence, therefore, the district is not responsible.

ATTORNEY'S REPORT – Under an earlier agenda item, Brooke briefed the board on issues with Rancho Pacific. On Whitebark, there has been no change in status from last month, still waiting on response for final settlement documents. They are probably looking at the tape we provided looking at roadway conditions.

ENGINEER'S REPORT – Brent Farr provided a brief summary of the status of the Metering Project, Waterline Project and Road Rehabilitation Project.

CORRESPONDENCE - The following correspondence was received during the month 1) Letter to Douglas County Clerks Office notifying of Trustee Appointment and resignation 2) Email and attachment from LGIP for a Kafoury Armstrong & Co, report on agreed procedures for the LGIP.

ADJOURNMENT

M-3/23/10-7 – Motion by Treanor, seconded by Barratt and unanimous approval the meeting was adjourned at 8:44 p.m.

Respectfully submitted,

W.R. Hayes –Chairman

Attest:

Brett Barratt, Secretary