

**MINUTES OF THE REGULAR MEETING OF THE
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES
TUESDAY, SEPTEMBER 15, 2009**

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 Vice-Chairperson Hayes.

ROLL CALL – Present were Trustees Hayes, Peck, Treanor, and Barratt. Trustee Schussel was not present. 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 of Farr West Engineering, Colleen & Al Gomez, Bob Dever, Ann Harmon and Frank Napier.

PLEDGE OF ALLEGIANCE – Vice Chairman Hayes led the pledge to the flag.

PUBLIC COMMENT –Mr. Bob Dever of 495 Tramway attended and was curious on the water meter fee schedule placed on buildings where it is not possible or practical to individually meter. Over the years, they are bearing an unfair charge for their percentage of water usage. Hayes asks if this will be discussed later. When we do discuss fees public comment will be available. We will look at making it equitable to everyone. We will be looking into requiring homeowners association with a master meter. This is probably the only way we can do it, as retrofitting the building may not be practical. The HOA will be responsible for paying the bill. We are attempting to individually meter the district within the next building season. Brooke suggests it is not appropriate to discuss at this time. Hayes suggests we begin at the next meeting with public meetings to start discussing the rates and structure. We want to start hearing about minimum usages, rates, tiers etc. The GM comments in November we can start doing the public hearings. Dever asks if there is any timetable that this information can be disseminated, they need to plan for their HOA budgets.

APPROVAL OF AGENDA

M-9/15/09-1 – Motion by Peck, seconded Barratt, and unanimously passed to approve the agenda as presented.

APPROVAL OF CONSENT CALENDAR –

M-9/15/09-2 - Motion by Treanor, seconded Peck, and unanimously passed to approve Consent Calendar Items as follows:

- A. Minutes of the Regular Meeting of August 19, 2009 as presented.
- B. Claims in the amount of \$1,766,673.77 as represented on the List of Claims by check numbers 43436 through 43533

CONSENT CALENDAR ITEMS BROUGHT FORWARD FOR DISCUSSION - Nothing was pulled forward for discussion.

UNFINISHED BUSINESS

NEW BUSINESS

APPROVAL OF ENGINEERING AGREEMENT WITH FARR WEST ENGINEERING – The GM reported that he and legal counsel reviewed the contract between Farr West Engineering and KGID and they had requested some changes that were now incorporated into the agreement. The KGID Board selected Farr West Engineering as its District Engineer at the August 19, 2009 regular board meeting.

The GM apologized that Brandy missed putting the agreement in the board binders. Brooke requested some changes that were incorporated in the agreement.

Hayes asks about the designated representative and wanted to be sure this was included in the agreement. The GM pointed out it is designated in the back of the agreement. Brent is comfortable with billing on a t & m basis and is comfortable taking direction from the GM as far as attending the meetings. The GM will ask for a separate scope of work for the water meters, which will come back to the board for approval. Small in house projects will be covered in this agreement.

Hayes envisioned we would have an engineer that had the big picture all the time. The GM sees it as Farr will attend most meetings. Farr is comfortable being the principal engineer but notes that he wont be the only engineer working on KGID issues. The board wants continuity on representation.

Peck notes this agreement seems to be a standard agreement and doesn't necessarily protect the district. Either party may terminate this agreement at will. Brooke is comfortable with the agreement. It is noted that the effective date of the agreement needs to be changed to the current date. When using sub consultants, the GM should have the ability to approve prior to use. On paragraph 6.02A4, Peck is concerned that we are waiving errors and omissions – this is just for inspection and is okay after some discussion. Paragraph 6.03 if we pay for a project we should own the documents. We will receive the digital records.

M-9/15/09-3 – Motion by Peck, seconded Barratt and unanimously passed to approve the contract, revised with an effective date of today, and allow the General Manager to sign on behalf of the district.

APPROVAL OF MEMORANDUM OF UNDERSTANDING WITH DOUGLAS COUNTY FOR A REGIONAL WATER TREATMENT PLANT STUDY– The GM provided the memorandum of understanding between KGID and Douglas County to finance the study on the feasibility of a regional water filtration plant that could supply both KGID and Douglas County and possibly Edgewood Water Company. The idea behind this is that we all may not be able to keep our filtration avoidance using water from Lake Tahoe, and instead of building two or three separate new treatment facilities, one central facility operated by KGID would be cheaper for all involved.

At the inter-ic meeting yesterday, Round Hill GID and the USFS showed interest in this study. RHGID explained that they are at the maximum filtration capacity now and may want to use this plant to boost their production.

The USFS stated at the same meeting that they have been considering drilling another well to supply the Zephyr Cove Resort. Due to unfavorable contaminants in other wells in the area they may want to tie into ZWUD and take water from them through the intertie with KGID.

Approval for this study at a cost of “Not to Exceed \$40,000” was made at the last Board meeting on August 19th.

Douglas County has also approved the same amount for this study.

The GM included a draft of the Request for Proposal that will go out to engineers as soon as it is approved by Douglas County.

The GM reports this is the proposed MOU between Douglas County and KGID that was already conceptually approved for the study for a regional water treatment plant. Roundhill GID and USFS are showing some interest in participation. The agreement will read that KGID won't be liable for more than \$40k, neither will Douglas County. Percentages may change depending on who wants to participate. Treanor asks how far this study will go? Zephyr Cove or may extend to Zephyr Knolls per the GM. Would there be any other utilities that may want to participate, yes replied the GM. Is it feasible to extend water lines to Zephyr Knolls? RHGID may be interested because it can help them supply their customers. There is some new information not included in the packets, coliform levels are very high and may be another reason we could lose our filtration exemption. Some of the extreme counts are in the 1000's. May have to go to filtration in time anyways. Treanor asks if Douglas County would encourage some of the smaller water systems? Other water systems further down already use filtration. Barratt asks whether Edgewood has shown interest and the GM reports there has been no response from them yet.

Barratt asks whether this is a real possibility, yes. The smaller water systems should have been consolidated years ago. Operational costs are higher on the smaller plants. We would operate the regional plant. There is a leadership vacuum on the Nevada side of south shore; it's a good opportunity for us. From a management point of view, if we were to spend several million for secondary treatment and then be mandated to go to filtration, what a waste of money. He wants to do the right thing for the residents. Hayes is hoping that working with the county or USFS, we may be able to get someone's ear that we couldn't previously get. Treanor believes that eventually we will have to go to filtration.

We are looking to spend some money now to complete a study to see if filtration is feasible.

Barratt likes the idea of being under the umbrella with other local governments or the federal government.

M-9/15/09-4 – Motion by Peck, seconded Treanor and unanimously passed to approve the RFP for a Regional Water Treatment Plant and Interlocal Agreement and authorize the board chair to sign on behalf of the district.

CONSIDERATION OF RESIDENTS REQUEST TO PROVIDE SNOW REMOVAL AND/OR ROAD MAINTANCE SERVICES ON THE PRIVATE ROADWAY OF KJER LANE

LOCATED OFF OF JUNIPER DRIVE – Colleen Gomez, owner of #4 Kjer Lane, contacted the BCM requesting snow removal and or road maintenance services for Kjer Lane. Attached are signed letters from the adjacent properties whose boundaries lie next to or on Kjer Lane, requesting to have an agenda item for the KGID Board consideration. Ms. Gomez, to date, has been unsuccessful obtaining a signed letter from 175 Juniper, because the home is in foreclosure.

Kjer Lane is off of Juniper Drive and is approximately 437 length in feet and at its narrowest point, 10' wide. The condition of the road is poor although it is evident that some maintenance has taken place. There is significant alligating throughout most of the roadway that will continue to deteriorate, especially with plowing, until major reconstruction work can be performed.

Flipper Manchester of Manchester Enterprises, KGID's snow removal contractor was contacted and asked whether he had any concerns plowing this roadway. He indicated that he has plowed it in the past and it is not a problem to plow at all, in fact easier than some of KGID's other roads. The turn around areas is sufficient at the end of the road.

In additional to the signed letters from the homeowners, there is the 2004 KGID "Snow Removal Agreement for Private Roadway" as well as an "Easement Deed" document which were prepared presumably by Scott Brooke.

My recommendation is to accept an easement for public use of Kjer Lane for the purposes of snow removal only. The letter agreement item 7 clearly spells out that KGID is not liable for any injuries or damages to persons or property incidental to the use of this easement. The homeowners who would sign these documents have been paying for snow removal services since the charge was adopted by the board because of their use of Juniper Drive to access their property. Also, either party can revoke the agreement by written notice and recordation of Notice of Revocation in the event of excessive disputes.

Runtzel also recommends we deny the request to take the road for maintenance and repair purposes through any offer of dedication. As stated above, the road is in poor condition. The road is not wide enough for two-way traffic and therefore, should not be a district public roadway. In reviewing older documents relating to Kjer Lane, it appears the board has taken the position that it does not intend to accept any private roads for maintenance.

Runtzel summarized that the owners adjacent to or on Kjer lane are requesting KGID plow Kjer Lane and take over the private roadway for all maintenance purposes. The road is approximately 10' wide at the narrowest point. Brooke believes the district would not be increasing its liability by providing the snow removal service. Ansaldo Acres is a comparable roadway to Kjer where there are previous agreements in place for providing snow removal services but not accepting any road maintenance responsibility. Mrs. Harmon points out that this roadway is the only access for several properties in the area and she believes the board should consider this. The roadway was likely not accepted by Douglas County as a public roadway because it was probably not built to county specifications. Runtzel included in her written report that Manchester Enterprises, Inc. has no concerns or problems with plowing Kjer Lane. Ms. Gomez reports that the parcel on the right hand side of the end of Kjer Lane is USFS owned. USFS will not allow any snow storage on its property. Runtzel will have to work with the individual owners to designate snow storage areas.

Runtzel will obtain a letter from Manchester Enterprises, Inc. to approve Kjer Lane for plowing purposes.

M-9/15/09-5 – Motion by Treanor, seconded Peck, and unanimously passed as follows:

- A. Authorize the Business and Contracts Manager to work with legal counsel to revise the "Snow Removal Agreement for Private Roadway" language regarding binding arbitration and any other revisions deemed necessary with counsel's advice, and
- B. Authorize the BCM to work with each property owner to execute the "Snow Removal Agreement for Private Roadway" and "Easement Deed" to allow KGID to perform snow

removal services for Kjer Lane, once all property owner agreements have been obtained, and
C. Deny the request for Road Dedication for maintenance and repair purposes.

BOARD REPORTS – There were no board reports.

STAFF REPORTS – Written staff reports from the General Manager, Business and Contracts Manager and Operations Supervisor were included in the meeting backup provided to the board. Bookkeeper, Kim Garon, provided a cash position statement as of August 31, 2009.

General Manager Report – GM highlighted the federal lands act, to try to obtain fee title to property to eventually build out a treatment plant or other facilities. We are marking out parcels that we think we may need in the future, tank 3, tank 6, for water tanks, potential site behind the sewer plant for filtration, and new water lines installations. The whole idea is to take some of the federal lands and put back in the hands of the public entities that can do good for the public.

Business & Contracts Manager Report – There were no questions on the BCM report.

Operations Supervisor Report –
Eric provided a slide show of tank 10 pictures for the board.

Johnson explained we are going to demo two different GPS units in the coming week. The rental rate of the one we chose to purchase will be credited towards the purchase price.

Johnson explained how the water meter reading works and the time anticipated to complete meter reads once the district is fully metered. It is anticipated that the radio reads will take less than one day to read. We are in the process of converting some of the manual reads to radio reads also which currently take two guys two full days to read 140 water meters. Hayes explains that since he has a water meter at his house now, he expects that his bills will go up in the summer. He has been tinkering with his irrigation system to minimize the water usage but he expects to use 30,000 gallons in the summer months and he will likely see a small decrease in his bill in the winter months. He anticipates he will pay \$100/month more for water than the current minimum bill. Now he understands how his neighbor can use 80,000 gallons on his yard because his sprinklers are running for about a two-hour period each day.

ATTORNEY'S REPORT – Brooke comments we had an inquiry to participate in a settlement discussion. They have received an appraisal; we'll get a copy that will presumably be the basis for any settlement discussions. No signed order from judge yet on Rancho Pacific.

CORRESPONDENCE - The following correspondence was received during the month, 1) Thank you note from Linda Somma of 384 Terrace View for sign installation, 2) Letter from GM to Mr. & Mrs. Wedgwood regarding their inappropriate note regarding meters to staff

ADJOURNMENT

M-9/15/09-6 – Motion by Treanor, seconded by Barratt and unanimous approval the meeting was adjourned at 8:00p.m.

Respectfully submitted,

W.R. Hayes – Vice Chairman

Attest:

Carolyn Treanor, Secretary