

**MINUTES OF THE REGULAR MEETING OF THE
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES
THURSDAY, MAY 21, 2009**

CALL TO ORDER – The meeting was called to order at the Kingsbury General Improvement District Conference Room located at 169 Pineridge Drive, Stateline, Nevada at 6:00p.m. by Chairperson Schussel who led the pledge to the flag.

ROLL CALL – Present were Trustees Hayes, Barratt, Peck and Schussel. Trustee Treanor was unable to attend the meeting. Also present was General Counsel Scott Brooke, General Manager Cameron McKay, Business & Contracts Manager Michelle Runtzel and Operations Supervisor Eric Johnson. Present and for a portion of the meeting was Jennifer Roman and Chris Stetler of JWA Consulting Engineers, Andrew Strain and Ron Alling, Clint Purvance, Erika Hetzel, Bill Kolstad, Bob McDowell, Bob Cook and Jim Beattie.

PUBLIC COMMENT – Beattie comments he objects to not getting a larger space for the water metering workshops. Schussel believes if we could get the Transit Center it would work out well. The GM couldn't justify getting a larger space. Hayes commented we still aren't getting more people to attend the workshops.

APPROVAL OF AGENDA

M-5/21/09-1 – Motion by Peck, seconded Barratt, and unanimously passed to approve the agenda as presented.

APPROVAL OF CONSENT CALENDAR –

M-5/21/09-2 - Motion by Barratt, seconded Hayes, and unanimously passed to approve Consent Calendar Items as follows:

- B. Claims in the amount of \$238,285.04 as represented on the List of Claims by check numbers 42915 through 43025
- C. Approval of purchase of a 2004 Bomag BW90AS asphalt roller complete with 36-month warranty for \$8,671.60 from United Rentals and approval to purchase a 16-foot Hydraulic tilt bed trailer for \$3,600, FOB Las Vegas

CONSENT CALENDAR ITEMS BROUGHT FORWARD FOR DISCUSSION - Hayes pulled Consent Calendar Item A – Minutes of the regular Meetings of April 28, 2009, and Trustee Peck requested Item D is pulled – Approval of purchase of a laptop/notebook computer for a price not to exceed \$2,500. Hayes comments about page 10 of the meeting minutes, and wants to clarify that McKay suggested sending newsletter in a separate envelope, not Hayes as reported in the minutes. Runtzel will check the meeting tapes. On Consent Item D, Peck confirmed that the notebook would be used in the field and recommends that we look at a Panasonic Tough Book. Runtzel will likely be the only person using it. Wants to be sure it is sturdy enough in the event it is dropped.

M-5/21/09-3 – Motion by Peck, seconded by Hayes and unanimously passed as follows:

- A. Minutes of the Regular Meetings of April 28, 2009 as revised.
- D. Approval of purchase of a laptop/notebook computer for a price not to exceed \$2,500

UNFINISHED BUSINESS

EXTENSION OF EXISTING GENERAL MANAGER CONTRACT FOR TWO MONTHS AND RELATED MATTERS – The GM reported he met with Bob Cook on May 15, 2009 but it was to bring everybody up to speed and he would like to try one more time to finalize an agreement after this meeting.

McKay reported verbally that he met with Cook and things are going fairly well and recommends that he moves forward with the negotiating team. Hayes reports the performance review may take some time and doesn't want to hold up an agreement based on the review.

C-5/21/09-1 – By consensus of the board this item will be tabled to next month.

CONTINUATION OF WATER METER INSTALLATION PROJECT WORKSHOP – The GM provided backup material used at the prior workshops. The BCM wrote a newsletter that was mailed separately to each water user in the District.

Some members of the public were present at the meeting. McKay reports we were trying to obtain grant funding for meters, but we don't qualify because we have the ability to borrow the \$3M needed to complete the project. We want to borrow funds and divide the district into about 5 different contracts so that we can get all meters installed in one year. We will look at the meter reads for approximately one year, look at usage and give the homeowners an opportunity to adjust usage. If we don't meter we will not receive any further grant funding. We have \$15-20M in improvements needed in the district and need grant funding to move forward. Meters are essential.

How long before rates go into effect? If the loan is approved in June, we could use existing PER to get the ball rolling, takes 6-8 months to have hearings, December before we finalize loan. Then engineering should be done, construction starts May 1, and all meters would be in place by October 2010. Tiered water rates would probably start one year later.

A Lake Village resident commented he lives here part time and asks why are there so many little districts. Everyone has tremendous costs with capital improvements spread across few people. How will we read meters? McKay explains radio read. It would take us about 4 hours to read entire district. All reading equipment is in place. As for consolidation of districts? Hayes comments, logistics are a problem, how do we get water from Roundhill to KGID? We recently inter-tied with Edgewood Water Company and Hayes was astonished by the costs. There is a movement to look at water system inter-ties in all of Douglas County. There are pumping and pressure issues. McKay comments if it had been set up years ago it would've been much easier.

Do we still have to pump the effluent over the hill? Yes, we pump to DCSID and they pump over the mountain.

Is there a device a homeowner can get for a couple of weeks? Can they be purchased? McKay reports there is a \$100 deposit, our crew can program the monitor and the homeowner can place it on their refrigerator and can see how much water is used. We can't sell these monitors, but manufacturer can sell direct to customers.

McDowell asks if the monitoring devices provide the capability to record a certain period of days. No, but Johnson can provide a printout if desired.

Hayes comments that many service lines have leaks. He's anxious to get a meter to try to determine what may be leaking. He can hear water but can't find anything. Water doesn't always come to the surface. Johnson explains that the meter also has leak detection. McKay explains further that a leak is detected if water runs 24 hours/day.

Are there any incentives to install low flow toilets? Best irrigation time in AM or evening, not between 10-4, more bang for the buck. No incentives for low flow.

When we get meters, will we charge the same minimum and then charge additionally for usage? No, when we install meters we will analyze usages to come to a fair and equitable rate for everyone. We will analyze use as a whole, and then develop a metered rate after public hearings.

Will water meters affect sewer rates? No.

Hayes doesn't think the public has received a clear message that we are not charging for metered usage. The newsletter needs to be condensed that clearly spells out that we are not charging for metered usage. We will send another one page newsletter out in bold type in June. Maybe we should prepare a bullet newsletter. Send out FAQ. When will meters go in? When will we start being charged? Will everyone be metered at the same time? When will metered rates go in effect?

Hayes comments printout from Board for Financing Water Projects should be available to the public.

Bob McDowell commented that when the time comes to set rates, he is curious as to what our thinking process is at this point. McKay replied that it's way to early to say we plan to do this in-house. Need to calculate in depreciation and cost of service. There are so many different ways to charge for water use, may be two to three different ways, the district will pick the best most equitable way. Schussel added we have to cover our bills. Hopefully, after reading for approximately 1 year, we will get a feel for how much water is going out. McDowell comments we know how much we pump now. He believes people will be interested in knowing how we arrive at our rates.

Base rate should be lower based on consumption. Meters are a good thing that will help people think about water leaks or whatever as long as we don't look at the base rate being the same as it is now. People will get upset if they pay the same. Per McKay, in theory, people should pay the same metered costs per year as they would pay annually on a flat monthly rate. Want to be sure people can still water their lawns and have green lawns. Getting people knowledgeable about usage.

Reno resident comments her summer bill is a \$100/mo and winter bill are about \$20/mo.

Hayes further comments we can't do all the math on the metered rates, he believes that in the setting of the tiers some questions need to be asked. He feels its appropriate to start discussions now on how to set rates, whether there is a lawn or not? McKay doesn't think we can use those criteria. Hayes thinks those are the issues we know will come up, we should be talking about it now. We should be working on this now. McKay thinks we're getting ahead of ourselves now, we are trying to determine if we are going to meter or not. Hayes thinks we should be discussing where the tiers are.

In Reno, a lot of people have gone to zeroscape now because of meters. Hayes clarifies that there was a point that we thought we could obtain a 57.1% grant or more, and we were denied. At this point there are no commitments, and no timetable. McDowell reports that without metering, the district will not receive more grants for other improvements.

We will try to get the Tahoe Transportation Center for next month's workshop. Hayes urges residents to communicate with their neighbors to send them to the next workshop. We want input from customers and should state so in the newsletter.

No action taken on this item.

APPLICATION FOR REQUEST FOR ALLOCATION OF OUT-OF-TAHOE BASIN WATER UNITS BY HEAVENLY VALLEY LIMITED PARTNERSHIP FOR (55) FIFTY-FIVE

ALLOCATIONS FOR DOUGLAS COUNTY APN 1319-30-645-001 – This item was tabled from the April 28, 2009 meeting at Heavenly's request. No further documentation was provided to support Heavenly's request as of this writing.

On April 3, 2009, KGID received a check in the amount of \$250 with no accompanying paperwork. Upon inquiry with Andrew Strain office, the check was to supplement an application for water allocations. On April 9, 2009, an Application for Reservation for Allocation of Out-of-Tahoe Basin Water Units was provided to KGID.

Runtzel contacted Andrew Strain on April 10, 2009 to try to ascertain what Heavenly's intent for the application was. The form provided by Heavenly was for Reservation and is only used by District staff when water allocations are available. At this time, no water allocations are available. In the April 10, 2009 discussion, Runtzel explained to Mr. Strain that Heavenly is on the waiting list for water allocations for the next 53 units that may become available. Heavenly's initial application was for 55 allocations and in December 2008, they were offered and issued 2 water allocations that Rancho Pacific returned to the allocation pool. Therefore, this leaves Heavenly at the top of the waiting list for the next 53 units. In explaining the need for the additional application, Mr. Strain stated that Heavenly filed this application as a "back up position" on the waiting list. He offered no other explanation at that time. Runtzel further explained to Strain that the application for the waiting list form is different than the reservation form. Runtzel faxed the correct form to Mr. Strain.

On April 13, 2009, KGID received the correct Application for Request for Allocation of Out-of Tahoe Basin Water Units, used when someone wants to be on the waiting list. Heavenly also provided a letter dated October 21, 2008 from Douglas County regarding their Stagecoach Project.

In reviewing the KGID Policy and Procedures Regarding the Priority and Validity of Requests for Out-of-Tahoe Basin Water Allocations, Runtzel was unable to find anything that either specifically allowed or specifically disallowed an applicant to have more than one application for the same water allocations, same parcel, same owner and for the same project. It is staff's belief however, that the intent of the policy was to provide procedures to ensure that allocations are addressed properly and issued fairly using clearly defined procedures as stated in the Declaration. These water allocations are extremely limited and highly sought after by a few developers and a couple property owners.

Staff's concern is that if any applicant is allowed to have more than one application for the same parcel, same project, same owner and same number of water allocations on file at any given time, someone with a project ready to go would not stand a chance of receiving water. Staff believes the policy was approved and adopted by the KGID board to avoid such circumstance.

Theoretically, if the Heavenly request is approved, there would be no limit to the number of applications on file and no one would have a chance at obtaining water allocations. The purpose of the waiting list is to prioritize applications on a first come first served basis when water allocations are not available. If and when allocations become available they are offered to the wait list applicants in order of receipt of completed application. This seems to be a fair approach.

In order for Heavenly to increase the number of water allocations for this Stagecoach project, KGID would require a letter from Douglas County demonstrating that the project is allowable under the existing master plan and also meets zoning on the parcel. The letter provided by Heavenly with the April 13, 2009 application refers to the Stagecoach Project as having 120 residential units, same as the original May 13, 2008 application; therefore, the project has not changed with respect to the total number of residential units. Per an agreement with the State Engineer, 55 out-of-Tahoe basin and 65 in-basin water allocations are required to complete this 120 residential unit development.

Runtzel requested that Scott Brooke review the policy and provide a memo to the Board for consideration, which was provided. Brooke finds this request as both duplicative and unnecessary. The recommended action is a combination of legal counsel and staff recommendation.

Peck disclosed he works for a company who works for Heavenly but he is not directly working for Heavenly. Brooke feels Peck's disclosure is adequate.

Runtzel reported this item was tabled from last month when neither Mr. Alling nor Mr. Strain could attend the board meeting. She has not received a written argument from either party and recommends Mr. Alling address his concerns to the board.

Ron Alling is concerned and feels he should be treated the same as everyone else, and the board has not set criteria in the policy to prevent more than one application on the same property. Heavenly doesn't understand why the board would impose a different standard now. Alling references the fact that KGID has previously allowed two applications on the Cole property and two applications on the White property and Heavenly is asking for equal treatment.

Runtzel responds that Mr. Alling's comments are not quite accurate. The Cole property is zoned for two residential units and the original application and allocation was for a single water allocation only. Cole is currently on the waiting list for one more allocation, which is within the properties current zoning. The total amount of allocations that were issued and that he is on the waiting list for, or two, is not more than what the county has determined the property is zoned for. In the White case, Mr. White actually allowed his position on the waiting list to expire, without asking for an extension, so he fell off the waiting list. Afterwards, he re-applied for a place on the waiting list. Per Runtzel, at no time to her knowledge has any applicant been approved on the waiting list for more allocations than what they are zoned for.

Alling reports that with Heavenly's agreement with the State Engineer, with the way they have joined their parcels together, they could proceed with the zoning because they are taking all of their parcels and focusing them as one parcel. Runtzel asks Alling to confirm that Heavenly is still talking about 1- two-phase 120-unit total development? Alling responds, no we are going for more than that because they have taken all of their parcels and linked them, both in basin and out-of-basin with the State Engineer. Heavenly asked for 50+ units on the first and 50+ units on the second application. Heavenly received approval from the county to proceed with their first phase. Heavenly will be using out-of-basin and hopefully in-basin when they come due. Runtzel asks for Heavenly to clarify how many allocations they are looking for and reports the letter she has from the county only allows 120 units. Alling responds, that was on the project that was presented to them, but they were seeking to go with more than that. Runtzel replied to the board, she has not seen any communication from the county allowing more than a 120-unit development on that parcel. If in fact there is zoning capacity, then KGID could allow Heavenly to get on the waiting list for the additional units.

Alling reports that Heavenly has submitted one application for 50 units and now has submitted a second application for 50 units; this totals 100 and will leave the project 20 short. Runtzel corrects Alling and reports Heavenly only needs 55 out-of-basin allocations to build the 120-unit development. Alling replies Heavenly understands that with the current State Engineer, that is sufficient. Alling asks the board to please recognize that when you look at the limited growth factor and what's occurring with the politics that are occurring in Clark County, there will be a radical change with the State Engineer and there will be issues. They think there will be a significant change. Heavenly is trying to ensure that they can build. Heavenly is stating that they see the politics playing a very extreme role at the State Engineers Office and they think that the policies that have been adopted in the past by the State Engineer will radically change. Barratt questions whether the State Engineers policies have changed yet? They are zoned for 120 units and are only seeking 100 units at this time. Again, Runtzel reports, Heavenly only needs 55 out-of-basin to build the 120-unit development. Heavenly acknowledged that if they were able to build today, yes, it's a different ballgame.

Schussel comments that this would be like Mr. Purvance only needing 1-2, but they may change the rules so I'm going to ask for 4-5 allocations. Alling replies, Purvance doesn't have the zoning for that. Alling further argues that Heavenly has the zoning for what they are seeking and everyone else that has come before KGID has had the zoning for what they are seeking. Schussel still isn't quite clear, sounds like Heavenly has an application in that covers the total number of units in the development, but now Alling is saying he is concerned that now the rules might change. It seems to Schussel, it's the same APN and Heavenly is doubling up on your allocations.

Alling comments that Heavenly has asked for and KGID has not given the allocations for the first phase. Schussel clarifies that we don't have the allocations to give. Alling's concern is that they cannot proceed although they have approval for their project. Alling is asking for these units so they can be assured they can proceed. Schussel asks if the initial application on file now from Heavenly, if we had the water to fulfill that application can they build their development? Runtzel confirms Schussel's understanding and adds they could build a 120-unit development if KGID had 55 allocations to provide to Heavenly. Schussel doesn't understand Heavenly's position. Alling comments KGID can't tell him when KGID will give him those units if we are going to give them to Heavenly at all. Schussel comments that's true. Alling believes at that time, they may need 120 out-of-basin allocations. Alling has no idea if KGID will ever be in the position to provide Heavenly with the allocations they need. Runtzel comments even if they get another position on the waiting list, Heavenly can't build unless KGID gets the water. Alling comments if KGID gets more out-of-basin water then Heavenly could proceed.

Alling asks again, why can't Heavenly be treated like everyone else? Alling comments we have made it very clear that we are looking to change the rules to get greater relief with the State Engineer and states quite frankly he is very concerned that Heavenly may be sacrificed in that dealing. Schussel asks if this is Alling's concern, why aren't they asking for 70 additional units? If Heavenly wants to build 120 units and has 50 now, why aren't they asking for 70? Alling replied, because he doesn't think right now or ever can we give that many water allocations. Schussel asked for Scott Brookes input.

Brooke confesses he is having difficulty in understanding the presentation argument. His understanding from the application is that the second application was to back up the first application and is for the same units on the same project. His understanding of Alling's concern is that the State Engineer might take away their ability to prorate the out-of-basin allocations because of something KGID might do and they would end up with nothing. Brooke reports he doesn't think this is the District's intent; the District can't modify anything the State Engineer has already given to Heavenly. Brooke's view is it is unfair to other people to allow any owner to have an application backed up by another application because that would prevent someone else from being in the proper place on the waiting list. Heavenly is in place on the waiting list and has however much water that has been allocated now, plus whatever the District is able to give them in the future.

Schussel comments we need to follow the rules/laws that are in effect now. We don't know what tomorrow will bring. Brooke comments if Heavenly is seeking to expand its project that is a different issue. If they were looking for additional units, those would be different allocations. Brooke doesn't understand Heavenly to be looking for additional units. Runtzel didn't understand that either although at the beginning of this discussion they appeared to be asking for additional units for a larger project or KGID doesn't have anything in writing that backs that up.

Hayes asks how solid it is that if Heavenly had 55 allocations they could build 120 units. Runtzel replied it is solid, it's a given. The State Engineer through an agreement with Heavenly approved this. Hayes confirms that as of today, the 55 would be enough to build the project. Any other allocations would be duplicates today. Hayes is trying to understand their argument and asks if there is any argument that these other 50 would be valuable because the in-basin units may not be that solid. Brooke responds he thinks that is what Alling is alluding to. If there is a change in the State Engineers Office, he is concerned that the 65 units committed to Heavenly might be withdrawn. Today they are solid. It is a letter from the State Engineer that Heavenly has relied upon, Brooke ventures to say if it were withdrawn there would likely be litigation, and it should. Brooke has no idea what the politics are that Alling is referring to, so he can't comment on them, he is unaware of the political climate. As of now, KGID the State Engineer and Heavenly have relied upon this determination by the State Engineer. Heavenly has sold property, developed property, and we've developed policy based on it.

Runtzel's concern is that if the District is unable to obtain additional allocations, we don't have 50 or 70 or 110 allocations, we have 55 allocations that have been allocated amongst 3 property owners and the District has a pool of 10 allocations and that's all there is. Brooke thinks that if the State Engineer withdraws the 65 in-basin allocations, KGID won't get any more out-of-basin allocations.

Ron Alling reports he's spoken with Andrew Strain and if KGID continues to function under the current ordinance, Heavenly will withdraw their application for the second water allocations. Runtzel asks, what does that mean, continue to operate under the existing ordinance? Alling clarified that he is referring to the 2006 policy for out-of-basin allocations as it is written. Schussel commented, I thought we were and Runtzel adds KGID is operating under that policy. Alling adds if we will involve them with our dealings with the State Engineer, they will withdraw the application. We will work with the State Engineer and are looking to gain additional units not only for Heavenly's benefit but also for other property owners in the District who currently don't have water allocations associated with their land. Schussel comments our intent is to follow our ordinance.

Hayes reports that we have had discussions recently on trying to obtain more water and we believe that if we wait until we have water meters in the area and can show definitive usages that are our best chance of gaining additional units. Staff plans to address this sometime after construction season and we will likely want to get a lobbyist involved. This won't happen this summer. Alling reported that they have developed hard data from IVGID, condo units fall below 250 gallons per day. The issue is the settlement between the State Engineer and KGID that capped 1000 units and 500 gallons per day. Brooke thinks that if the politics are going to get worse, we should move forward quickly. Barratt comments that at the last meeting we discussed that this may in fact be our one last shot at getting allocations and that we want to get as much information as possible to back us up. Brooke believes if there is a political issue, we have a chance every time there is a change in the administration. There has been a long-standing policy on the Truckee River that may change. In general, there's been a long-standing policy between North and South in general politics that has been changing recently. All of this may have impacts. McKay asks Alling if the old influence at the State Engineers Office is what he fears will go back into politics? Alling feels that Clark County will appoint the new State Engineer and will be interested in those issues and will not at all be interested in Douglas County. There are former Directors and State Engineers that are so personally wound up in this issue that he believes the science isn't going to sell it and change the politics.

Alling doesn't believe it will get better with changes. Schussel says this is something we will have to decide in the future; we will have to get lobbyists on board. Brooke comments that this application was withdrawn, therefore, there is no action required by the board.

NEW BUSINESS

REQUEST BY HOMEOWNER TO WAIVE A \$100 SERVICE CALL CHARGE AT 353 MCKAY CT. DOUGLAS COUNTY APN 1318-23-510-011 - On April 1st, 2009 at 4:45 pm, Erika Hetzel, the owner of 353 MacKay Ct., called about a sewer overflow on the property. Two KGID operators, Rick, the on-call operator and Brandon, responded, and found sewerage overflowing out of the homeowner's sewer cleanout line. They went to both the manhole directly above and the one directly below the homeowner's tie-in to the main and found the sewer mains to be flowing freely without any obstruction. The operators then went back to the homeowner and explained that the cause of the overflow was from a blockage in her sewer lateral and that she would be responsible for the removal of the blockage and to call a plumber to facilitate the repair. **No charge was made for this call out as it was initiated during normal work hours although a \$50.00 charge could have been made.**

At 6:20 again that same evening, the answering service again called Rick, connected Mrs. Hetzel to him by phone where she reported a water leak at 353 MacKay Ct., which meant that Rick needed to respond to the same address. Rick explained that he could come out but there would be a service charge of \$100.00 if he responded. He was again asked to come to the residence.

Upon arriving he found no water leak and was again asked to take care of the sewer problem, which he again explained that he could not take care of the problem and the homeowner would need to call a plumber and have the line cleaned. Ms. Hetzel stated that she had called Tilley Plumbing and was still waiting for them to show up. At that time, Rick left the property.

Because this was called out as a water emergency call, it should be charged to the party responsible.

Upon receiving her bill with the \$100.00 service charge included, Ms. Hetzel send the accompanying letter asking the Board of Trustees for a waiver of this charge.

Ms. Hetzel reported she has been a customer over 35 years and always pay on time and is never late. On April 1, she had a sewage backup and her downstairs flooded with 10" sewage. She called a plumber and KGID. Rick Vosburg told her there would be a service call and she thought he was kidding. Rick came out and determined it is not KGID's issue, must be on her side of property. She had to wait until next day for plumber to come. Then she saw the \$100 service call on her bill. He wasn't there more than 5-10 minutes. Plumber found problem on her property and it cost her \$3,500 to fix the sewer leak.

Hayes comments that our staff report said he was out during business hours and he actually waived that fee, then Ms. Hetzel called again after hours, so we sent someone out on overtime and he told you again that there was nothing he could do. Hetzel reported she really didn't remember if Rick was there twice and asks why she would call again if he already visited the property once. Eric Johnson reported that we did respond two times. Runtzel reported that she called Ms. Hetzel after the first visit from Rick to inform her that the leak is on her property and is not a KGID issue. Rick opened manholes on Terrace View St. and McKay Ct. and confirmed that sewer was flowing at both locations. Runtzel explained that Ms. Hetzel would have to get a plumber to her house to locate the leak and that this had nothing to do with KGID. Hetzel didn't understand why she would call KGID again after Runtzel called her. Runtzel commented that Ms. Hetzel was very upset when she talked to her just after 5:00 that evening and maybe Ms. Hetzel thought she was calling a plumber again when she called the KGID answering service. Schussel confirms that we have logs of these phone calls and the answering service call.

Barratt asks Runtzel if its possible that two calls came in within a couple of minutes to both KGID and the answering service, that there could be confusion from the answering service and that they were really the same call. Runtzel explained that isn't possible because she actually talked with Ms. Hetzel after Rick visited the property just after 5:00 and that it wasn't until Rick got home later and actually talked with her again closer to 6:20pm. Eric Johnson confirmed that Rick actually called him after he received the second call from Ericka to discuss the situation and confirm whether he should respond again. Hayes says it sounds as though we are in agreement that he was there twice. Schussel believes it's fairly well documented that we responded twice. Hetzel still couldn't understand why she would call a second time. Runtzel explained that the problem is that during the second call, which went to the answering service, and then she was patched through to talk to Rick, she initially stated again she had a sewer leak. When Rick informed her again that he had already been to her property, checked manholes and informed her that the backup was on her side of the line and she needed a plumber, she changed and said she has a water emergency. Hetzel denied this. McKay reported that all calls are documented through the answering service.

Barratt feels we have rules that we have to follow.

M-5/21/09-4 - Motion by Barratt, seconded Hayes, to deny the request for waiver of \$100 charge for call out after business hours.

CHANGE OF INSURANCE BROKER/AGENT –Because of the size and complexity of the insurance policy that KGID has with Pool/Pact, the GM had Bill Kolstad review our policy as an independent reviewer and analyze our policy to see if our insurance needs we were properly covered.

A number of deficiencies showed up in this review amongst which were;

- A. The Operations yard and contents therein were not listed in the covered properties.
- B. The office and contents were not included in the schedule of covered items.
- C. Some of the values associated to existing structure are considerably lower than a replacement value. Example; the lake pump station and ozone treatment plant are valued at \$2,125,500. If anything catastrophic happened to the plant where most of the plant and equipment was destroyed, the replacement value would be closer to \$6,000,000.

These deficiencies could have serious consequences for KGID had they gone unnoticed.

I think that KGID needs to deal with an insurance agent that understands the business climate up here, knows the changing values in the local region, and is more aware of the changes that take place in the Stateline area.

Bill Kolstad has been in the insurance industry for over thirty years and understands the unique needs of a utility district like KGID.

McKay reports he was reviewing the insurance policy and asked Bill Kolstad to review the policy. He found discrepancies and things that are not covered. The Operations yard and office were not covered. Replacement values at the water treatment plant may not have been what they should be in a catastrophic event. McKay believes these are quite serious issues. Need someone closer to climate and community. He's worked with Bill in the past, and McKay reported to Kolstad that we don't want to leave the pool because we get a lot of service from them. We would not change pool/pact McKay proposes we change agents.

Peck asks if is current agent resident of district. McKay replied he is not. Schussel clarifies insurance would still be through pool/pact. McKay reports we may change coverage and increase coverage and rates. Kolstad thinks his proximity will help the district and the fact that there are two KGID locations that are not even listed in the policy is of concern. Yes, we will pay more. Issues of valuation on the water plant are no so simple. Staging area, 4-5 years, which isn't even, listed, plant valuation should be raised. Wants to be on inside and look at coverage document from pool. Kolstad has had districts in pool and has pulled districts out of pool in the past.

Hayes has worked with both agents. We have to look at who will give us the best service and feels it was inappropriate to not invite Norton and allow him to address board. Hayes wants to go back to Norton and ask him to evaluate the insurance. Barratt believes it is part of the agents duty to ensure we have the appropriate coverage. Hayes asks Kolstad on whether it may be that the pool/pact only allows us to cover construction costs and not replacement costs in the treatment plant? Kolstad replied that's not what we're talking about. He believes the treatment plant is under valued by 4-5 million. Kolstad says, KGID defines what it's replacement costs are and the agent should be working with staff, are there vehicles missing on the policy, etc. Kolstad comments apparently it is a proximity thing, where it is easier for him to swing by the office to be looking into those issues.

Peck asks when the last time our insurance agent actually talked to us? Runtzel replied she spoke with him yesterday and received a voice mail from him today. He is hoping to get on the board agenda to make the annual presentation. She also talked to him two weeks ago to research a performance and payment bond issue and asked him to respond which he did within 2 hours. Peck just wants to be sure our current agent is responsive. Runtzel replied he has been extremely responsive. We haven't had any problems other than possible coverage issues we're talking about today. Runtzel admits this could be her fault.

A resident asks if the board as ever considered issuing a RFP for an insurance agent? Barratt comments that the pool is the pool and the price differential would be insignificant. Kolstad comments he does not want to put us through that and the RFP's are a nightmare. Kolstad knows Jim Norton, he is a competent individual and he has fine respect for the Warren Reed office. Kolstad's agency has written municipal districts at the Lake since the city was born and most of the districts on the east shore. Between the two offices, they handle most of the municipalities in the region. He's here as a member of the district, having had a chance to look at our coverage and saying we are low on coverage, and two locations are missing. He would like to work with the district.

Barratt comments with insurance, you can obtain so many different quotes, some on replacement value and some not. It would be difficult to compare an RFP, doesn't think that would be the best way to go.

Ask Norton to address these deficiencies and explain. Schussel agrees we should look into this and give Norton that opportunity. Hayes thinks it's important to see who we communicate well with. Maybe we should put together a committee to go over the policy. As far as the agent goes, we want someone who will spend the most time on our account and discuss concerns with us. McKay reminds the board again that the policy is up for renewal at the next meeting. We wouldn't have time to sit down and go over the issues. Schussel asks if we could renew the policy and increase coverage in the meantime. McKay acknowledges that this is his job. Schussel would like McKay and Runtzel to sit down and go over the issues with the agents and let the board know the outcome since we work with Jim a lot. McKay adds he's never talked to Jim Norton.

McKay wants to be sure we are covered and have someone here to be sure we're covered. McKay believes it is the agent's duty to come up on a yearly basis and go over everything annually to make sure we're covered. Runtzel added that she completes the annual survey for the insurance renewal. McKay responds that somewhere it's dropped then because we haven't had the coverage. McKay believes the agent should come to us annually and make sure everything is covered, that's his duty.

McKay reports that if we don't change agents tonight then we will not be able to make a change prior to the renewal. Barratt doesn't understand why we couldn't make the final decision at the June meeting, the policy doesn't renew until July 1. McKay admits we could. McKay was concerned with our schedules.

Kolstad comments that it's a glaring oversight not to have the office covered. If we get a letter that explains the oversights or deficiencies, that will be great. Runtzel believes we should give Jim Norton a copy of Bill's letter and ask him to address this. As far as the office goes, we're probably lucky to have \$10k in furnishings and equipment. McKay is concerned with the vehicles as well. Runtzel reports that all of the vehicles are covered. McKay would like to handle this with Jim Norton and ask about the policy and see if he recommends any changes. Barratt offers to help and contribute in any way he can. McKay acknowledges he will consult with Barratt on this issue.

M-5/21/09-5 – Motion by Hayes, seconded Barratt, and unanimously passed to GM, BCM and Trustee Barratt work together to evaluate our best options for an insurance agent and present us with a recommendation at next meeting.

AWARD A CONSTRUCTION CONTRACT FOR THE 2009 PAVING PROJECT –

KGID received six bids for the 2009 Paving Project, which will include pulverization, overlay and reconstruction in the Upper Kingsbury areas of Kingsbury Village, Summit Village, and Tahoe Village and in the Lower Kingsbury areas of Granite Springs and Palady Perkins subdivisions. Low bidder Qualcon Contractors, Inc. performed work for the district in the past under the name of Carlson Construction Inc. in the Chimney Rock area and did a good job.

Based on the low bid of \$1,365,661.75, we are able to complete the base bid and alternates A & B, all well below budget. Depending on the water tank construction progress, we may remove or delay Alternate Bid Item B – Tramway Drive between Olympic Ct and Wells Fargo Lane. The bid amount for that portion of the work is \$162,134.

The FY2008/2009 budget provided for \$2,566,268 for the Base and Alternate bid items of the 2008 Paving Project. Actual costs of that project completed last summer were \$1,772,028.70 leaving an unused budget balance of approximately \$795,000.

Qualcon Contractors, Inc is requesting an early start to get as much paving done as possible before NDOT's Contractor begins work. The contractor is aware that there are several areas that construction cannot begin before July 7, 2009. Based on the budget funds left over from last year, staff proposes to allow Qualcon to start in early June and allocated \$750,000 to this fiscal year budget. Because it is unknown how much paving Qualcon will be able to complete before June 30, 2009, staff left the total amount of the project costs per the bid in next years budget to provide for expenditure authority in the event Qualcon is unable to start early. This was discussed and agreed upon with the GM. We are still waiting for permits that dictate when they can start work.

The engineer's recommendation letter and bid summary were provided to the board. The engineers estimate range for the project was \$1.5 to \$1.8 million.

Runtzel reported we ended up with 6 bids on the project, Qualcon used to be Carlson Construction who we've worked with before. We propose to award the entire project that has two alternatives, Palady Perkins and Tramway. Hayes asks if the change order authorization of 20% is normal. We receive documentation and justification for all additional costs. The project area includes portions of Tramway, most side streets off of Andria, all of Granite Springs and Palady Perkins. The paving contractor would like to start early, do some concrete work and pulverization

There was some discussion on whether to award the contract including the one-way portion of Tramway. There is concern on rebuilding the road and then having the water tank contractor heavy trucks and concrete trucks going over the new asphalt. Runtzel recommended to the board that we award the project including Tramway and allow staff to make that determination when the time comes.

M-5/21/09-6 – Motion by Hayes, seconded by Peck and unanimously passed to award a contract in the amount of \$1,365,661.75 to low bidder Qualcon Contractors, Inc. for the Kingsbury General Improvement District 2009 Paving Project and authorize the Business & Contracts Manager to sign contract documents and to approve change orders up to 20% (\$273,132) of the bid amount.

AWARD A CONSTRUCTION CONTRACT FOR THE KINGSBURY VILLAGE WATER LINE REPLACEMENT PROJECT

– KGID received eight bids for the Kingsbury Village Water Line Replacement Project, which includes installation of approximately 366 linear feet of 6” water main and approximately 200’ of service lines and meter sets as well as installation of two fire hydrants. This project was put together this spring to replace deteriorated water main in advance of pavement rehabilitation. Low bidder Impact Construction withdrew their bid shortly after bid opening. Their withdrawal letter and KGID’s acceptance letter are included for board reference. The second low bidder was F&B Inc. who performed similar work last year on the Crestview Waterline Replacement project and did a good job.

The engineer’s recommendation letter and bid summary are attached. The engineer’s estimate for the project was \$93,000. KGID will provide all materials related to the project and are estimated at \$40,000. This project was included in the budget and construction is scheduled for completion by June 30, 2009. A TRPA Qualified Exempt permit is pending.

Runtzel reports that this project is approx 300’ of water main and several water services. The low bidder was Impact Construction who was significantly less. They misunderstood the bid and requested to withdraw the bid. Impact provided a letter requesting such withdrawal. Second low bidder was F&B Inc who did the Crestview job last year. Runtzel’s understanding is they did a good job last year and we didn’t have any complaints. This bid is for labor only, the district will provide the materials and the total project will be around \$110,000 including materials and engineering.

M-5/21/09-7 – Motion by Hayes, seconded Barratt, and unanimously approved award a contract in the amount of \$42,990 to low bidder F&B, Inc. for the Kingsbury General Improvement District Kingsbury Village Water Line Replacement Project and authorize the Business and Contracts manager to sign contract documents and to approve change orders up to 20% (\$8,598) of the bid amount.

The board called for a brief break.

AWARD A (3) THREE-YEAR SNOW REMOVAL CONTRACT - KGID advertised the notice requesting snow removal bids in the Record Courier, Tahoe Daily Tribune on April 3, 2009. Manchester Enterprises, Inc. was the sole bidder with a rate increase on Loaders and Sand Trucks (6% and 8%) leaving all other rates the same as the last contract period. Western Paving was issued a contract for bidding but failed to submit. A representative of Stateline Snow Removal inquired after the bids were closed. A copy of the Bid is attached, as are copies of the Manchester bids for 2003 and 2006. The rates are as follows:

<u>Equipment</u>	<u>2009-2012 Bid</u>	<u>2006-2009 Bid</u>	<u>2003-2006 Bid</u>
Sander w/ plow	\$105.00	\$ 97.50	\$ 97.50
Grader	\$135.00	\$ 135.00	\$ 135.00
Loader w/ blade	\$135.00	\$127.50	\$ 127.50
Snow blower	\$250.00	\$250.00	\$ 250.00
Support truck	\$ 55.00	\$ 55.00	\$ 55.00
Bobcat Blower	\$150.00	NA	NA

Runtzel explained that again, we only received one bid for the snow removal contract. One other paving contractor requested the bid documents but failed to submit a bid. She recommends that we award to Manchester for the 3-year period and after that we have the ability to negotiate rates annually for up to another 3 years.

M-5/21/09-8 – Motion by Peck, seconded Hayes, and unanimously passed to award a three-year snow removal contract beginning September 1, 2009 and ending August 31, 2012 to sole bidder Manchester Enterprises, Inc. at the equipment rates per the bid proposal and authorize the Business and Contracts Manager to sign the contract documents.

Barratt asks about the performance and payment bonds and wants to understand the 10% retention in lieu of the bonds. Runtzel explains that MEI doesn't provide the bonds and we hold retention. He is concerned that we could blow through the \$30k in retention pretty quickly. Bonds are not inexpensive which is why we have provided this option. The contract is written such that in the event we award to someone we are unfamiliar with or have no experience with we would require the bonds. Because we have had a working relationship with MEI for 25-30 years, the district included this option. Brooke explained that the District still has a remedy for damages in the event that the retention is used up. Runtzel recommends that this item be changed in the contract in the future if that is what the board desires; the contract was bid with the assumption that the retention would be appropriate. A performance bond would protect us in the event the contractor goes out of business and we have to hire someone else to finish the job.

Hayes discloses that in past years he had completed taxes and bookkeeping for Manchester Enterprises, Inc. and no longer has a direct relationship.

OPERATIONS YARD DEVELOPMENT INCLUDING REQUEST FOR STAFF AUTHORIZATION TO APPROVE AN AGREEMENT FOR CONSTRUCTION SERVICES RELATING TO CIVIL IMPROVEMENTS OF APN 1319-19-602-001 AT A TOTAL COST NOT TO EXCEED \$200,000 - At the April 28, 2009 regular board meeting, the board approved the following motions:

- A. Authorize the Business and Contracts Manager to accept 15,000 – 20,000 cubic yards of suitable material from El Camino Construction Company Inc. for use at the KGID Operations Yard, including, building up the lowest level of the site to same elevation as the middle level and stockpiling material for use for the new access improvements, and**
- B. Authorize the Business and Contracts Manager to utilize funds from JWA project #K0605 2006 Operations Yard Site Improvements with unused funds remaining in that project of \$61,970 to provide engineering services relating to accepting the excess materials to build up the lowest level to the mid level elevation, preliminary design, permitting, final design and construction related tasks.**

Staff and the board discussed the potential costs of accepting the material from the NDOT job and wanted to provide a not to exceed authorization in the event the project progresses and we had to move quickly. General Counsel was uncomfortable citing that the agenda was vague and that there was no mention in the staff report of costs to build a concrete retaining wall. We determined that this issue was no so urgent that it couldn't be handled at this May meeting.

The BCM had a few discussions with the El Camino, the apparent low bidder on the NDOT erosion control project. El Camino has indicated that NDOT has not awarded the project yet. They were hopeful it would happen last week. I will be in contact again this week to see if the award has happened and whether we can set a meeting to negotiate improvements at the operations yard. NDOT is moving forward with survey work on the grade, so I imagine award will occur shortly.

Staff intends to meet with El Camino and negotiate as much work in exchange for taking the material as we can. Jennifer Roman provided the attached Engineer Estimates based on an assumption that the district bids this work. Staff is requesting authorization of an amount not to exceed \$200,000 in accordance with the estimates which include either an 8' concrete retaining wall with rock rip rap on top, or a 15' concrete retaining wall without rip rap. Also included in the estimates are relocation of existing electrical utilities, piping the existing drainage system, installation of storm drain manholes and grading and compaction of the fill material. The advantage of the higher wall is you don't lose any coverage, where in the 8' wall the rest of the material above the wall would have to be sloped.

\$200,000 was moved in the FY 2009/2010 budget from the Architecture line item for the Operations Yard to the Construction Expense Capital Outlay line item.

Also included for board reference was the April 28, 2009 staff report on this item.

Runtzel acknowledged that Jennifer Roman is in attendance and she provided estimated costs to make the improvements at the site. Runtzel is unsure whether El Camino has actually been awarded the contract although the GM reported they were supposed to start on June 8, 2009. She will continue to make efforts to contact them and try to get a deal put together. We will have to ensure that we get clean fill, we would build an 8' retaining wall, continue the drainage system and then backfill per McKay. We need to ensure that the drainage can still flow through to Heavenly's property. We will have a real balancing act to negotiate a deal properly. We may be able to negotiate El Camino building the retaining wall that KGID pays for and El Camino compacts the material at their costs. The engineer estimate is on the high side with a 30% contingency.

Hayes asks if NDOT still wants to participate in the Operations Yard. Runtzel advised we haven't formally determined that yet. We were going to issue a letter to Heavenly giving them a deadline to respond, but haven't done that yet. We are proceeding assuming we will be in there alone. There is some risk in completing the improvements and if Heavenly later decides that they want to sell to NDOT, this would be property that KGID would also sell to NDOT. They would have to pay for the improvements. At this point we are going forward assuming that NDOT and Heavenly are out and that KGID will retain the Operations Yard on its own. There may be some opportunity to share in detention basin and sand/salt storage with NDOT in the future

M-5/21/09-9 – Motion by Barratt, seconded Peck, and unanimously passed to authorize the Business & Contracts Manager to enter into an agreement and negotiate improvement work at the KGID Operations Yard APN 1319-19-602-001 with El Camino, apparent low bidder for the NDOT Erosion Control Project, including possible construction of a concrete retaining wall, utility relocation, storm drainage improvements and other ancillary work, in exchange for accepting approximately 15,000 – 20,000 cubic yards of suitable material to be used to raise the lower level of the site to the middle level elevation and to stockpile material for a future new access and deceleration lane on SR 207 at a cost not to exceed \$200,000.

PUBLIC HEARING ON THE TENTATIVE BUDGE FOR FISCAL YEAR 2009/2010 AND ADOPTION OF A FINAL BUDGET – The BCM provided the board with a memorandum explaining individual budget items highlighting changes from the Tentative Budget approved at the March Budget Workshop. The budget worksheets were also included in the meeting backup. Schussel opened the Public Hearing on the Budget. Schussel asks if there are impacts to KGID because of the economy. Runtzel explained that other than about a 10% decrease in sales tax revenues, our income is very sound. Although we are seeing more delinquencies, our revenues actually increase because of the late charges that are assessed. As for the foreclosures, we lien properties that protect our receivables and we are able to collect them when the property eventually sells. We are seeing several properties that were foreclosed on selling. Runtzel gave a power point presentation on the budget and answered a few questions

Runtzel let the board know that all changes from the Tentative Budget were highlighted so the board could easily see them. McKay adds that Runtzel and Garon have done an excellent job on preparing the budget. A lot of time was spent going through it and making sure everything was as accurate as possible.

The public hearing was closed.

M-5/21/09-10 – Motion by Hayes, seconded Peck, and unanimously passed to adopt the Tentative Budget as the Final Budget for Fiscal Year 2009/2010 as proposed.

Schussel again thanks the BCM and Garon and requests the message be passed on. Runtzel adds Garon completed the majority of the budget and did a great job. It is appreciated by the Board.

DISCUSSION AND POSSIBLE ACTION ON OUT-OF-BASIN WATER ALLOCATIONS, AND THOSE HELD BY RANCHO PACIFIC, INC. AND CLINT PURVANCE, AND REGARDING THE DISTRICT'S POSITION IN THE MATTER OF RANCHO PACIFIC V DOUGLAS COUNTY NJD CASE NO 08-CV-0166 – General Counsel Scott Brooke provided a memorandum to the board. Also included in board backup information was a letter from Clint Purvance.

Brooke reports the reason this issue came up is because the allocations expire before the next meeting. Brooke states as he has reported in the past district court issued an order in January pending litigation between Rancho and Douglas County. The settlement required district participation. No settlement has been provided to KGID as of yet. The district can either accept the order or contest it. The district was informed verbally that Heavenly could intervene in the litigation because they have interest in it. Heavenly has intervened and are waiting for an order from the court. At this point everyone is in limbo. Brooke's recommendation is to treat the matter as pending and toll pending further order from the court as per the courts initial direction.

Hayes comments that the tentative order was issued in January and here it is May and they still haven't taken action. Brooke believes the court has had other business that was more pressing. The district is in the position of being involuntarily involved in a dispute that we don't have a side on and we should take a conservative non-active approach until the court orders us to do something one way or another.

Alling reports, Rancho Pacific filed an appeal in court following the counties denial of their project. That appeal was for the judge to review the record and determine if there was sufficient information in the record to have allowed the county to deny the project. Then Rancho came back to KGID with apartment project, meanwhile the court was working through, the attorney for the county and for Rancho Pacific proposed a settlement agreement to create a 50 unit project instead of the 40 unit project that was denied and required Rancho pave the Old Kingsbury right-of-way. This was done with no notice to affected property owners that the hearing was taking place. Heavenly asked to be included because judge has affected Heavenly property rights and county approved a project in violation of its ordinances. Alling doesn't believe that KGID policy applies for tolling, very clear they will expire. Until KGID is enjoined, we must follow policy according to ordinance and take water allocations because they have expired.

Brooke believes that take is far more involved than it should be. Brooke advised court that there was a third party who had an interest and should be allowed to participate. Heavenly is now attempting to exercise its rights consistently. Brooke doesn't recommend we take action that will bring litigation with Rancho Pacific. Heavenly may try to bring district in because of that action, but Brooke's recommendation is to take that risk. We tried to expedite this and received no response from the court or Rancho Pacific attorney.

Brooke reports we could amend our policy to deal with litigation one way or another. Brooke hoped we would get the written order but believes the court will view verbal order as binding. Brooke would be reluctant to advise KGID to ignore the verbal order. Purvance is unable to go forward until the Rancho Pacific issue is resolved. Brooke believes we should treat him similarly. Brooke again comments, there was a verbal order of the court to enjoin KGID. Then we would have 10 days to respond after we receive the order. Barratt asks if Purvance was joined in the order, no. Purvance reported he was told he could join the litigation with or without representative, he has chosen not to join at this time, not interested in being involved in the litigation process, doesn't want to be involved unless he absolutely has to. He appeals to the board so he can avoid litigation.

Purvance could pull his driveway off the Rancho Pacific improved roads. County told him he couldn't submit for building permit until Rancho Pacific is settled. Costs are at least \$175K additional if he can't use upper road. County believes they have public right-of-way and can approve his use. Heavenly has not provided him with an easement despite discussions since October 2007.

Barratt asks about court order to toll Rancho Pacific deadline, since court didn't order for Purvance, he is concerned making an exception. Does it set us up for liability by incorporating into the settlement? Brooke responds that reason we were included, county and Rancho Pacific made that a condition of their settlement, and the court had to include tolling in the settlement agreement. District must accept or contest that. Schussel comments, it seems Purvance has been frozen from building. Brooke states in the future we will be told what to do by the court and will have to decide to accept or reject it. If board doesn't continue this issue now, we can be assured we will be in a lawsuit if we terminated the allocations. Runtzel commented that the allocations are due to expire next week.

Alling is concerned we are going down a slippery slope because it was a tentative direction from the court in January, five months have passed, and there is no reason for judge to be in a hurry. We are allowing a tolling of the ordinance by a case, which we are not a party; he believes this is very dangerous.

Schussel asks whether Rancho Pacific can start building tomorrow. Alling believes that they can start building the 40-unit apartment development. Brooke believes Alling is right in that Rancho Pacific has the right to build; the settlement is to build something else, which is what they originally wanted to build. They kept their allocations alive by submitting a permit for an apartment house. Brooke could send something in writing to the court to request action and explain our situation.

Brooke's understanding that Heavenly is in litigation because the County and Rancho Pacific made a deal that included Heavenly's land and Heavenly's rights and Heavenly doesn't agree to it. Alling reports Heavenly is not in litigation, they have asked to be included and both the county and Rancho Pacific said no, they don't need to be included. Heavenly argued that their rights are affected; Gas-line road is not as it was presented to the county and commissioners the old Kingsbury Grade. Their settlement is based on a representation that that is the old Kingsbury Grade.

At the commissioners meeting, the issue came up with who will maintain this roadway and McKay commented KGID won't, the county said the adjacent property owners will have to. Alling asks the board to imagine the adjacent property owners maintaining a public right-of-way. Won't work. Alling's position is they can build the apartments and they haven't done it. In his view, the settlement goes far beyond the jurisdiction of that court and there is no order of the court restraining KGID from doing anything.

Brooke will ensure that Rancho Pacific will make a presentation and discuss the change in projects. Schussel wants to be sure that Purvance be taken into account also. Runtzel asks if it more appropriate to take the recommended action item C and add to bring it back next month.

M-5/21/09-11 – Motion by Hayes, seconded Barratt, and unanimously passed to direct the Business and Contracts Manager to delay, until further notice, any action as provided by the KGID Policy and Procedures regarding the Out-of-Tahoe Basin Water Allocations, against Rancho Pacific for their 50 allocations currently held, and Clint Purvance for his 2 allocations currently held, pending further instruction from the judge in the Rancho Pacific v. Douglas County Case No 08-CV-0166, and further board direction and bring back to board at the next regular meeting.

TRUSTEE RETROACTIVE ENROLLMENT IN PUBLIC EMPLOYEES RETIREMENT SYSTEM INCLUDING ASSOCIATED DISTRICT COSTS - On April 22, 2009, KGID received correspondence from PERS requiring trustee enrollment for active elected/appointed trustees effective retroactively to November 19, 2002, the date in which the KGID Board approved the Policy Regarding the Payment of Trustees.

Bookkeeper Kim Garon provided the attached calculations for the retroactive enrollment. The district will be able to file corrected 941 forms and receive a refund for the employer share of Social Security paid on wages. Additionally, the district will likely request the trustee share of Social Security, which will be due to the trustees upon refund.

The calculated costs, net of the employer share of Social Security for the last three years total as follows:

	Cost of PERs Enrollment	Refund of ER SS	Net Cost to District
Carolyn Treanor	\$ 5,134.00	\$ (917.60)	\$ 4,216.40
W. R. Hayes	\$ 5,252.50	\$ (917.60)	\$ 4,334.90
Steven Peck	\$ 328.00	\$ (99.20)	\$ 228.80
Totals	\$ 10,714.50	\$ (1,934.40)	\$ 8,780.10

The costs associated with the PERS enrollment were included in the budget.

Runtzel explained that we received an email from the Pool Pact stating we should check to see if our Trustees have to be covered under PERS. After several discussions and correspondence back and forth, PERS determined that the current Trustees had to be enrolled retroactively to 2002, when the Board adopted a Policy for Payments to Trustees.

Schussel and Barratt will remain in Social Security. KGID will try to obtain refunds on behalf of the Trustees and the KGID employer portion of Social Security. If successful, KGID will refund the employee share to the Trustees. Hayes comments that his earnings have been used to offset the Social Security earnings limit so he believes he will get a bill. McKay comments that if this is a financial blow, he should consider bringing it back to the board for reimbursement. Hayes clarifies that he would much rather be in PERS all day long, but that this likely isn't a windfall for him.

M-5/21/09-12 – Motion by Peck, seconded Barratt, and unanimously passed as follows:

- A. Authorize the Bookkeeper to enroll Trustees Hayes and Treanor retroactively in Public Employees Retirement System effective November 19, 2002 and Trustee Peck retroactively to January 22, 2009, the date of his appointment to the KGID Board, with all three Trustees choosing 100% Employer paid PERS, and
- B. Acknowledge Trustees Barratt and Schussel are not eligible to enroll in PERS because of existing PERS covered employment.

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 April 30, 2009.

General Manager Report – Hayes asked about a letter on the proposed Sierra Colina written by the GM. Hayes reports he got reamed on this and didn't know anything about it. McKay was asked to support the project because we are in the business of selling water. McKay reports Rohr had provided a will serve letter previously on this development. Hayes asks that this be brought to the boards attention in the future.

Schussel asks about a statement about backflow device on Heavenly's snow making and wants to be sure that in the future they continue to provide an air-gap.

McKay reported that Treanor can't make the June meeting so we will look to re-schedule it. Barratt adds that he will not be able to attend the November meeting.

Business & Contracts Manager Report – Runtzel added that she fell Monday night down the stairs at work and was out for two days with a sprain.

Operations Supervisor Report – Barratt is concerned that Tramway is not being patched. Eric informed that we are not patching the areas to be repaved. Barratt asks if we have potential liability for the potholes. Barratt asks if we see potholes out there and can do something with little cost we should.

ATTORNEY'S REPORT – Brooke reported he received a counter claim from WBHOA, and discussed the issue with Pool/Pact to represent the District. He's started a motion to dismiss and will be meeting with Pool/Pact representatives.

CORRESPONDENCE - The following correspondence was received during the month, 1) Meeting notes of the Lake Tahoe Wastewater Infrastructure Partnership from the March 13, 2009 meeting.

ADJOURNMENT

M-5/21/09-13 – Motion by Hayes, seconded by Peck and unanimous approval the meeting was adjourned at 10:23 p.m.

Respectfully submitted,

Larry Schussel - Chairman

Attest:

Carolyn Treanor, Secretary