

**Minutes**  
**Indian Hills General Improvement District**  
**District Office**  
**3394 James Lee Park Rd. #A**  
**Carson City, NV 89705**  
**February 15, 2006**  
**7:00 P.M.**

**Trustees Present:** Chairman Charles Swanson, Vice Chairman Riley Evans, Secretary/Treasurer Laura Lau, Trustee Art Baer, Trustee Brian Patrick

**Trustees Absent:** (none)

**Others Present:** John Lund, Mike Glucksman, Michelle LaFontaine, Bill Moriarty, Ron Lynch, Jim Murphy, Pat Murphy, Scott Brooke, Paul Williams

**Call to Order:** Chairman Swanson called the meeting to order at 7:00 P.M.

**Pledge of Allegiance:** Led by Vice Chairman Evans.

**Approval of Agenda:** There were no corrections with the agenda. *Vice Chairman Evans moved to approve the agenda as presented. Seconded by Trustee Baer. Motion carried unanimously.*

**Public Interest Comment:** (none)

**Reports to the Board:**

- a. **General Manager's Report (Exhibit A)**  
Interim General Manager Paul Williams discussed items as written in the General Manager's Report. Interim General Manager Williams commented that filters were inspected by Gilmore Engineering and by potential arsenic media suppliers. The filters might be reusable which would substantially reduce the cost for the arsenic removal project.  
  
Trustee Baer inquired in the District has received correspondence from Douglas County regarding Vista Grande. Interim General Manager Williams informed Trustee Baer that the County is busy on other issues and that the District has not received any formal letter from the County regarding Vista Grande. He commented that the District received another \$98,000 in property taxes.
- b. **Engineer's Report (Exhibit B)**  
The District's Engineer Brian Randall was unable to attend the meeting. The Board of Trustees had no additional inquiries with subject matters in the Engineer's Report.
- c. **Attorney's Report (Exhibit C)**  
The District's Attorney Scott Brooke informed the Board that he is working with the District's Engineer on obtaining the legal description as Exhibit A for the agreements with Douglas County and the developer for Syncon Homes sewer service. Attorney Brooke commented that the legal description previously

received was not adequate. He informed the Board that once the legal description attachment is received, the agreements will be recorded.

Trustee Baer inquired on the settlement with Interstate Utility Constructors. Attorney Brooke stated that the agreement has not been completed and that the settlement amount is \$14,000 which was determined by the District's Engineer as the amount owed under the contract.

Vice Chairman Evans inquired if the amount owed was for additional work performed by the Contractor on the Ridgeview project. Attorney Brooke clarified that the amount owed was not for additional work and should have been paid under the contract. He commented that the Contractor neglected to submit a change order for that amount. He stated that there was discussion and negotiation on the amount of the change order that was submitted late. He mentioned that the amount was cut down considerably from the amount requested.

Vice Chairman Evans inquired how the \$14,000 amount relates to the original agreement with Douglas County and if the District came out in the hole. Attorney Brooke informed Vice Chairman Evans that he would have to review the project contract and funding source. He would get back to the Board on that matter.

**Public Interest Comment:** (none)

**Acceptance of Budget Status Reports for January 31, 2006:** Trustee Baer inquired on the \$25,088.76 amount on page 6, row 12 General Fund; Streets; R&M Supplies. Interim General Manager Williams informed Trustee Baer that the \$25,088.76 amount was for the contract with V & C Construction for sidewalk repair. Interim General Manager Williams was advised by the District's Auditor that the line item should not be designated at capital outlay. He mentioned that the budget augmentation would reflect a revision of the \$64,000 amount on page 6, row 3, General Fund; Capital Outlay; Capital Maintenance Projects.

**Public Interest Comment:** (none)

*Secretary/Treasurer Lau moved to accept the Budget Status Reports for January 31, 2006. Seconded by Vice Chairman Evans. Motion carried unanimously.*

**Acceptance of Bank Accounts' Reconciliation at January 31, 2006:** There were no questions from the Board with the Bank Accounts' Reconciliation report.

**Public Interest Comment:** (none)

*Vice Chairman Evans moved to accept the Bank Accounts' Reconciliation at January 31, 2006. Seconded by Secretary/Treasurer Lau. Motion carried unanimously.*

**Public Hearing on the Proposed Action on Resolution 2006-02 establishing new residential and commercial sewer service monthly rate effective May 1, 2006:** Interim General Manager Williams stated that the Board initiated an Ad Hoc Sewer Rate Study Committee in May 2005 in order to investigate the adequacy of the District's sewer rates which have not been adjusted for several years. He stated that notices for the February 15, 2006 and March 15, 2006 public hearings were mentioned

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in the District's January 2006 newsletter. The Record Courier and Nevada Appeal newspapers published notice of the public hearings on February 3, 2006 and will again publish a public hearing notice on February 15, 2006. The Ad Hoc Sewer Rate Study Committee is recommending that the Board select one of two options. Interim General Manager Williams explained the options as followed. The first option would be an increase of \$1.06 per month for the 2006 - 2007 fiscal year. The District currently charges a flat rate of \$17.60 per month. The new flat rate would be \$18.66 per month for all users except Douglas County per the inter-local contract where the District provides sewer service to certain commercial properties North of the District at a rate of \$9.47 per thousand gallons. The second option would be a usage rate with a base rate of \$8.95, plus \$1.00 per thousand gallons for residential and \$1.47 per thousand gallons for commercial users. Interim General Manager Williams explained the logic for establishing a different rate for commercial users. He explained that commercial users generate a higher loading and therefore requires additional chemicals which cause additional District expenses to process commercial sewage.

Interim General Manager Williams believed that continuing with a basic flat monthly rate seems to be equitable due to a substantial number of residential rental properties in the District. He explained that property owners typically pay for their tenant's monthly sewer bill and therefore, the tenants would decide their usage. He foresees a significant issue if the District implemented a usage rate due to the significant number of rental properties in the District. He stated that on the commercial side, there would be a drastic increase for businesses that are using in the five digit range of water per month.

Chairman Swanson asked Attorney Brooke if the resolution needs to be in the final form in terms of the notification and process of the public hearing. Attorney Brooke informed Chairman Swanson that when it comes to approving the resolution, the Board would need to make a decision on a rate option and that the Board is having public hearings to discuss those issues. Chairman Swanson asked if the resolution needs to be in its final form in order to publish a public hearing notice thirty days in advance of the public hearing meetings. Attorney Brooke stated no. Chairman Swanson stated that the current resolution does not allow for an annual increase. He asked if the Board approves the current resolution, would another resolution need to be approved by the Board when the District decides to increase sewer rates at any time in the future. Interim General Manager Williams replied yes. Chairman Swanson asked Attorney Brooke if the resolution should include an annual increase option. Interim General Manager Williams explained that the District is considering the rate needed for the next fiscal year's budget. He stated that revenue needs cannot be predicted beyond the upcoming fiscal year unless subsequent years are budgeted out.

Attorney Brooke clarified that the question is whether the District could adopt an increase in percentage or dollar amounts for the following years. Attorney Brooke commented that he would look into the matter because he has not seen that done before.

Trustee Baer asked if the District's Water/Sewer Accounts Billing Officer looked into the District's average water usage. Interim General Manager Williams informed Trustee Baer that the detailed usage report by customer showed that the average December usage was 5,500 gallons. He stated that commercial users were in the 20,000 usage range. Interim General Manager Williams stated that the average monthly household charge would be \$16.45 for a monthly water usage of 7,500 gallons.

Vice Chairman Evans favored a flat rate rather than the complicated \$1.45 per 1,000 gallons usage rate. He questioned if the \$1.47 is enough because the District expects to spend close to \$500,000 (Enterprise Fund) in the next fiscal year. He stated that a one dollar increase would only give the District \$24,000 a year or \$2,000 per month. He does not agree with the District raising rates every year. Trustee Patrick mentioned that the District might end up raising the water rates in a few years due to an increase in operating costs. Vice Chairman Evans discussed the District's next fiscal year's

capital improvements such as sludge pond lining, back-up power, and new lift station. Chairman Swanson discussed the District's options of paying for improvements .

Interim General Manager Williams explained that revenue projections include connection fees which generate significant revenue towards capital improvements. He stated that revenue projections for next fiscal year include the \$186,000 in construction for capital and a year end balance of \$269,000. He stated that it seems to be a fairly conservative projection.

**Public Interest Comment:** Bill Moriarty stated that he is an advocate of the usage system. He explained the reasons for a usage rate. He stated that a usage rate is based on a person's contribution to the sewer system just like how a person pays for gas, water and electricity used. He previously provided information to the Board with examples of other municipalities that have gone with a usage rate system. Bill Moriarty stated that his December water usage was 4,000 gallons and that his sewer bill would have been \$12.95 with a usage rate versus \$18.66. He advised the Board of taking a direction with implementing a usage rate. He stated that those who contribute more to the sewer system should pay more.

Chairman Swanson asked Bill Moriarty his preference with a fixed rate or variable rate and comfort level with a sewer rate dollar amount. Bill Moriarty stated he assumed that staff has determined that either rate is comparable to the revenue for the District. He discussed usage rate figures versus flat rate figures for 7,500 gallons per average household.

Trustee Patrick mentioned that Los Angeles and El Paso have more users (residential and commercial) and that the District has a fixed number of users. He questioned if the District is asking enough for sewage at this point in time with either the usage rate or fixed rate. Bill Moriarty mentioned that he did attend the Ad Hoc Sewer Rate Study Committee meetings and the Committee's first step was figuring the budget. He stated that once the budget was set, then the rate was evaluated. His opinion is that the budget should not be revisited and that there are two options to charge customers to cover that budget.

Vice Chairman Evans commented that if the District just used the winter months of December, January and February, the District would decrease the amount of income. Bill Moriarty understood that both rate structures give the District equal amounts of income. Interim General Manager Williams confirmed that Bill Moriarty's statement was correct. Bill Moriarty stated his opinion that if the District wants to treat their customers more fairly, the customers should be charged for what they contribute to the sewer system rather than taking the easy way out by charging a flat rate. Interim General Manager Williams explained that commercial users bear the brunt under the usage rate because they pay .47 cents extra per thousand gallons and contribute higher quantities of sewage to the sewer system. He stated that because of those reasons, there is an income balance between a usage rate and a flat rate.

Vice Chairman Evans mentioned that he knows of some District residents that use 5,000 gallons a month during the months of December through February and that those customers would have a reduced monthly sewer bill.

Trustee Patrick inquired on the percentage of commercial customers in the District. Interim General Manager Williams informed Trustee Patrick that 17% are commercial customers. Trustee Patrick asked if that percentage included the commercial customers that the District intends on losing in the future. Interim General Manager Williams responded no.

There were discussions between Bill Moriarty and Interim General Manager Williams in regards to commercial customers contributing more sewage due to their higher water usage. Interim General Manager Williams stated that there were lengthy discussions on the impacts of commercial sewage at the Wastewater Treatment Plant that include an increase in costs for chemicals as well as staff time needed to deal with commercial generated sewage.

Michelle LaFontaine stated that she heard that the County has a sewer system they are working on in the District and that potentially the County could take away the sewer industry from the District. She asked if that was true and if it would have an impact on the District. Chairman Swanson stated that the Ad Hoc Sewer Rate Study Committee and District staff considered that possibility in the rate structures. Trustee Baer stated that the District will lose the Wal-Mart shopping center as a sewer customer but those customers South of Jacks Valley should remain as District sewer customers.

There was no further public comment from the audience on the agenda item. Chairman Swanson closed public comment.

Chairman Swanson asked the Board if they wanted to give any further directions to the Interim General Manager on the Resolution or what needs to be accomplished at the next sewer rate public hearing.

Chairman Swanson stated his concern with the ability to implement a rate that would cover several years of inflation and growth. He reiterated that Attorney Brooke would look into that matter. Interim General Manager Williams recommended that the Board continue the matter at the March 15, 2006 public hearing. Chairman Swanson asked that the Interim General Manager review the capital improvements program to make certain that it is correctly addressed in the rate structure and the budget.

Trustee Baer stated his concern with the lack of residents at the meeting and wonders if those residents would question the rate after it is approved by the Board. Chairman Swanson stated that the process should be correct and that the Board should feel comfortable with their decision.

Vice Chairman Evans commented that the usage rate would require more staff time in regards to bookkeeping. Chairman Swanson recognized that there would be an administrative burden if the District implemented a usage rate. Trustee Patrick discussed the billing process for the water and implementation of a new sewer rate.

*Chairman Swanson entertained a motion to continue the Public Hearing on the Proposed Action on Resolution 2006-02 establishing a new residential and commercial sewer service monthly rate effective May 1, 2006 until March 15, 2006. So moved by Trustee Baer. Seconded by Vice Chairman Evans. Motion carried unanimously.*

**Discussion and possible action to amend the Publication policy of the District's Newsletter. (Requested by Trustee Brian Patrick):** Trustee Patrick stated that his intent was to eliminate the possible delay of publishing a newsletter past the two month expected publication time frame. He mentioned that at a previous Board meeting, there was a recommendation of distributing the newsletter on a quarterly basis versus bi-monthly. He mentioned that after reviewing production and distribution costs associated with publishing the newsletter, he determined that by cutting costs such as printing in black and white versus color, it would be possible to continue with a bi-monthly newsletter. He wanted to get the figures down to something more realistic and to make sure that the Board and staff is committed to publishing a bi-monthly newsletter. Vice Chairman Evans understood that the cost difference on a single issue of the newsletter for color was \$4,000 versus \$2,000 for black and white.

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Chairman Swanson stated that an issue that the Board had always faced was getting the information out to the public. Secretary/Treasurer Lau stated her preference with using a saturation mailing list in order to reach more households. Vice Chairman Evans stated his concern with the cost for obtaining a saturation mailing list. He asked if Interim General Manager Williams received any response from residents on placement of the sewer rate public hearings on the front page. Interim General Manager Williams clarified that the notice of the public hearing was placed on the opposite side of the mailing address.

There was further discussion related to tenants not receiving newsletters due to property management agencies receiving the tenant's water/sewer bill and certainty that residents on the water/sewer billing system were receiving their newsletters.

Trustee Patrick suggested that there might not be a need for action on the agenda item but there is a need to re-establish a commitment as a Board to continue with a bi-monthly newsletter. Chairman Swanson stated that a bi-monthly newsletter is appropriate.

Chairman Swanson stated that getting the newsletter out seems to be a challenge. Trustee Patrick stated that he believed that issue should not be a problem after discussions with the District's Executive Assistant. He mentioned that the additional information provided by the Executive Assistant in the Board packet included various publication and distribution cost options.

*No action taken.*

**Public Interest Comment:** (none)

**Discussion and possible action on the annual update of the District's Stormwater Management Plan:** Interim General Manager Williams commented that the Board of Trustees reviewed and approved a Stormwater Management Plan in September 2003. He mentioned that the Stormwater Management Plan was updated with a 2006 implementation objective target date. He discussed a few timeline targets as indicated in the amended Stormwater Management Plan.

- **2006** - Develop storm sewer map.
- **2007** – Adopt illicit discharge program ordinance. Provide information to citizens and business community regarding illicit discharges and the detection and enforcement program that will be followed.
- **2008** – Provide District contact person to act as clearinghouse for notification of illicit discharge and education. Staff trained in illicit detection program and procedures.

Trustee Baer commented that there are several items in the plan needing attention. Interim General Manager Williams mentioned that there was a commitment in the previous plan to implement items as listed in the timeline back in 2003. Trustee Patrick requested clarification that there was a timeline commitment in 2003 that has not yet been acted on. Interim General Manager Williams confirmed that the timeline items in the September 2003 approved plan were not addressed.

Secretary/Treasurer Lau inquired if there was District staff that is aware of the timeline items. Interim General Manager Williams stated that some items were addressed by the Streets Department staff. He mentioned that over the years, the Stormwater Management Plan has not been a high priority however; the State of Nevada will now be monitoring the execution of the plan. He discussed efforts on the

District's website to educate the public with Stormwater Management issues. He discussed Douglas County's proactive efforts with their Stormwater Management Plan.

Secretary/Treasurer Lau inquired if the District had enough staff available to tend to Stormwater Management Plan issues. Interim General Manager Williams replied no. He mentioned that the plan has not been a priority and it is part of the Streets Department's responsibility. He informed the Board that District storm drains are cleaned each year.

Chairman Swanson mentioned that he wrote Lyon County's Stormwater Management Plan and that objectives in the plan need to be executed but those tasks are not difficult to implement such as public education. He mentioned that someone must have the Stormwater Management Plan as their responsibility. He asked Attorney Brooke if the District has the authority to write ordinances, enforce ordinances and fine or take those to court who violate ordinances. Attorney Brooke confirmed that the District has the authority to write ordinances, enforce ordinances and fine or take those to court that violate ordinances. Chairman Swanson asked Attorney Brooke who has the authority to administer construction approvals in regards to stormwater management for a construction site. Attorney Brooke stated that if it is a building permit issue, the County administers the construction permit and approval. He commented that if it is a discharge permit, the State administers the permit and approval. Chairman Swanson stated that the Stormwater Management Plan implies that the District issues some sort of construction permit and approval. Trustee Patrick stated that if the District produces ordinances, it assumes that the District would enforce those ordinances. Chairman Swanson stated that if the District has to issue some sort of permit to a construction site, there should be an associated fee. Attorney Brooke and Chairman Swanson discussed issues regarding requirements in the Stormwater Management Plan for construction approvals and the possible coordination with the County and/or the State to determine the responsible authority for establishing and administering those construction approvals in regards to stormwater management.

Interim General Manager Williams mentioned that Douglas County has the same requirements as the District for stormwater management and that the County has begun an educational program with contractors as to what is required under their requirements to minimize pollution. Trustee Baer commented that Douglas County in the past managed the District's Stormwater Management. Interim General Manager Williams explained the State's revision with the stormwater management permit process that now requires smaller entities such as Improvement District's to possess and be responsible for their own permits.

Trustee Patrick commented that an effort to educate the public seems to be a Stormwater Management Plan priority. Vice Chairman Evans discussed problems with debris obstructing District storm drains. Interim General Manager Williams informed the Board that there have been construction technique improvements to minimize the pollution of rivers such as detention basins.

**Public Interest Comment:** Ron Lynch informed the Board that as the mosquito abatement control officer, he inspects various District catch basins. He stated that the catch basin behind Home Depot is full of trash and other debris. He mentioned that a large manhole cover near that catch basin was pried open in which a person could have fallen down that manhole. He suggested that District staff monitor the catch basin behind Home Depot more frequently.

*Trustee Baer moved to accept the updated Stormwater Management Plan dated February 15, 2006. Seconded by Vice Chairman Evans. Motion carried unanimously.*

**Discussion and possible action on various options available regarding the General Manager position, including but not limited to, approval of an employment agreement and/or appointment of an Interim General Manager:** Chairman Swanson commented that the agreement indicates an employment commencement date of February 13, 2006 with an employment term of one year. Chairman Swanson asked if the employment term could be extended. Interim General Manager Williams informed Chairman Swanson that Board would review and amend the agreement at the February 2007 meeting. Chairman Swanson informed the public on other provisions in the employment agreement as followed.

- Salary - \$75,000 (annual)
- Retirement and Insurance Benefits
- Automobile allowance - \$575 (per month)
- Leave Benefits-Sick and Vacation with an immediate 5 days vacation credit
- Business Expenses
- Location –resides within a twenty mile radius of the District
- Indemnification
- Hours of work
- Severance Pay-termination other than for cause, three months salary
- Reductions-salary cannot be changed
- Conflict of Interest
- General Provisions

Vice Chairman Evans commented that the General Manager's benefits such as an automobile allowance/gas mileage reimbursement should be the same as the other District employees. Interim General Manager Williams replied that the monthly automobile allowance proposal was considered as an alternative because Dennis Longhofer's current salary is \$82,000 annually and that the District's salary cap is \$75,000. He stated that the benefit of the monthly automobile allowance is that the District would not be paying any additional benefits and the District is saving on taxes. He mentioned that at the February 13, 2006 meeting, Dennis Longhofer stated that he was reluctant to take any position making less than his current wage. Interim General Manager Williams stated that the monthly automobile allowance was a solution to try and balance the Board's direction to Dennis Longhofer's needs.

Chairman Swanson stated that the rationale of offering a monthly automobile allowance coincides with the position's requirement of traveling to various County or State Departments. He stated that not paying for gas mileage, not paying for insurance and not providing an automobile is for the convenience of the District. Trustee Patrick inquired if the District was paying a monthly automobile allowance for the previous General Manager, Jim Bentley. Vice Chairman Evans informed Trustee Patrick that the District was paying a gasoline mileage reimbursement at .45 cents per mile for the previous General Manager and for the Board of Trustees. Chairman Swanson did not have a problem with the rationale of providing an automobile allowance at \$575 per month. Vice Chairman Evans disagreed with providing a monthly automobile allowance because it might cause resentment with other District employees.

Chairman Swanson invited Dennis Longhofer to provide his comments with the employment agreement. Dennis Longhofer stated that it is not really a car allowance but a salary adjustment because he would be taking a \$7,000 pay cut if he accepts the District's employment offer. He mentioned that at his current employer, the General Manager is provided a vehicle. He stated that it is a salary issue and not a car allowance issue.

Chairman Swanson inquired from the Board if the monthly automobile allowance was the only item in the employment agreement where the Board has discomfort or disagrees. Secretary/Treasurer Lau asked if the immediate five days vacation was a one time benefit. Chairman Swanson informed Secretary/Treasurer Lau that the immediate five days vacation was a one time benefit. Secretary/Treasurer Lau stated that her only issue pertained to the monthly automobile allowance.

Trustee Baer commented that he has problems with the requirements in the job description.

Chairman Swanson opened a public interest comment period on the employment agreement.

**Public Interest Comment:** (none)

Chairman Swanson requested that the monthly automobile allowance be a stand alone item with the Board making a decision on that item first and then after, the Board would make their decision on the entire employment agreement.

Chairman Swanson asked for a motion on the monthly automobile allowance or further discussion by the Board on the matter. Secretary/Treasurer Lau stated that the District is a small organization and it would be best if employees were treated the same. She mentioned that Dennis Longhofer will not be driving to and from South Tahoe which will save him money because he lives within the District.

Vice Chairman Evans commented on moving budgeted line items to alleviate expenditure problems with other line items in the budget and that the Board is doing the same with the employment contract. Trustee Baer had no problem with the monthly automobile allowance. Trustee Patrick had discomfort with the monthly automobile allowance. Chairman Swanson had no problem with the monthly automobile allowance because it reflects the responsibility of the General Manager position.

Trustee Patrick asked Chairman Swanson if any District vehicles were taken home by employees. Interim General Manager Williams informed Trustee Patrick that the on call employee takes a District vehicle to their residence. Vice Chairman Evans informed Trustee Patrick that District vehicles were driven home in the past. Chairman Swanson informed the Board that per Lyon County policy, the County Manager receives a car allowance and employees are not allowed to take a vehicle home except for emergency responses.

*Trustee Patrick moved to offer a monthly automobile allowance at \$575 per month. Seconded by Trustee Baer. Chairman Swanson, Trustee Patrick and Trustee Baer voted aye. Vice Chairman Evans and Secretary/Treasurer Lau voted nay. Motion carried 3 to 2.*

*Trustee Patrick moved to approve the employment agreement. Trustee Baer seconded reluctantly. He stated his concerns that Dennis Longhofer's work experience does not meet what the Board was looking for as a General Manager. He stated that Dennis Longhofer's experience is ideal for the District's past Field Operations Manager position. He stated that if the District was hiring a Field Operations Manager, he would hire Dennis Longhofer in a second. He is nervous with the Administrative part as indicated in the General Manager's job description. He gave Dennis Longhofer the benefit of the doubt and seconded the motion. Chairman Swanson, Trustee Baer, Trustee Patrick and Secretary/Treasurer Lau voted aye. Vice Chairman Evans voted nay. Motion carried 4 to 1.*

*Chairman Swanson moved to appoint Nancy Fredrickson as Interim General Manager from the period of February 28, 2006 to March 13, 2006 with an appropriate increase in salary for that time period. So moved by Vice Chairman Evans. Seconded by Secretary/Treasurer Lau.*

Trustee Patrick asked if the Board could comment on the matter. Chairman Swanson opened the Interim General Manager appointment item for discussion. Trustee Baer was concerned with the appointment in regards to events that occurred the last time that employee was appointed as Interim General Manager. Trustee Baer suggested that Chairman Swanson be appointed Interim General Manager. The Board of Trustees agreed that Chairman Swanson's appointment as Interim General Manager would be a conflict of interest.

Chairman Swanson opened a public interest comment period on the Interim General Manager appointment.

**Public Interest Comment:** (none)

*Chairman Swanson moved to appoint Nancy Fredrickson as Interim General Manager from the period of February 28, 2006 to March 13, 2006 with an appropriate increase in salary for that time period. So moved by Vice Chairman Evans. Seconded by Secretary/Treasurer Lau. Chairman Swanson, Vice Chairman Evans, Secretary/Treasurer Lau and Trustee Patrick voted aye. Trustee Baer voted nay. Motion carried 4 to 1.*

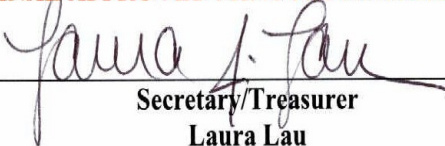
**Chairman and Trustees' Reports:** Trustee Patrick asked Dennis Longhofer if he had anything to say at this point in time. Dennis Longhofer informed the Board that he will be attending an Asset Management seminar on March 7, 2006 through March 8, 2006 and that was one of the reasons for the March 13, 2006 employment commencement date. He also wanted to give his current employer two weeks notice. He looks forward to the opportunity and challenges.

Secretary/Treasurer Lau commented that she is reviewing job descriptions and intends on completing the review by the March 15, 2006 Board of Trustees meeting.

**Adjournment:** *Chairman Swanson entertained a motion to adjourn the meeting at 8:25 P.M. So moved by Vice Chairman Evans. Seconded by Trustee Patrick. Motion carried unanimously. The next regular Board of Trustees meeting will be on Wednesday, March 15, 2006 at 7:00 P.M.*

*Exhibit A General Manager's Report  
Exhibit B Engineer's Report  
Exhibit C General Counsel Report  
Exhibit D General Manager Employment Agreement*

**FINAL APPROVED MINUTES AS AMENDED**

  
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Secretary/Treasurer  
Laura Lau