

**Minutes**  
**Indian Hills General Improvement District**  
**District Office**  
**3394 James Lee Park Rd. #A**  
**Carson City, NV 89705**  
**January 20, 2010**  
**6:00 P.M.**

**Trustees Present:** Chairperson Dianne Humble, Vice Chairperson Denise Pierini, Secretary/Treasurer Brian Patrick, Trustee Laura Lau, Trustee Ronny Lynch

**Trustees Absent:** none

**Staff Present:** General Manager Jim Taylor, Field Operations Supervisor John Lufrano, Administrative Assistant Karen Ziemer

**Others Present:** Attorney Scott Brooke, Engineer Brian Randall, Engineer Tim Russell, Kay Vernatter, Lisa Garland, Robert Hadfield, Michael Brown, Michael Olson, Ron Kruse, Art Baer, Dave Fournier, Dale Morlan, Bruce Scott, Carl Ruschmeyer, Samantha Fagan, Martin Johnson, Andy Burnham

1. **Call to Order:** Chairperson Humble called the meeting to order at 6:03 P.M.
2. **Pledge of Allegiance:** Led by Secretary/Treasurer Brian Patrick
3. **Discussion and possible action to elect officers of the IHGID Board of Trustees for calendar year 2010:**  
Chairperson Humble opened nominations for Chairman  
Trustee Lau nominated Secretary/Treasurer Brian Patrick for Chairman; Trustee Lynch seconded.  
Chairperson Humble nominated Vice Chairperson Denise Pierini for Chairman; Vice Chairperson Pierini seconded.  
Vote for Denise Pierini as Chairman: 2 ayes by Chairperson Humble and Vice Chairperson Pierini  
Vote for Brian Patrick as Chairman: 3 ayes by Trustee Lau, Trustee Lynch and Secretary/Treasurer Brian Patrick

*Chairman of the Board for Calendar Year 2010 is Brian Patrick*

Chairman Patrick opened nominations for Vice Chairman  
Trustee Lau nominated Trustee Ronny Lynch for Vice Chairman, Trustee Humble seconded.  
Vice Chairperson Denise Pierini nominated Trustee Dianne Humble for Vice Chairman  
Chairman Patrick nominated Denise Pierini for Vice Chairman, Trustee Humble seconded.  
Vote for Denise Pierini as Vice Chairman: 4 ayes by Chairman Patrick, Trustee Humble, Trustee Lau, Trustee Lynch; 1 abstain by Vice Chairperson Pierini

*Vice Chairman of the Board for Calendar Year 2010 is Denise Pierini.*

Chairman Patrick opened nominations for Secretary/Treasurer  
Vice Chairman Pierini nominated Trustee Dianne Humble for Secretary/Treasurer, Trustee Humble seconded.

Chairman Patrick nominated Trustee Ronnie Lynch for Secretary/Treasurer, Trustee Lau seconded.

Vote for Dianne Humble as Secretary/Treasurer: 2 ayes by Vice Chairman Pierini and Trustee Humble.

Vote for Ronny Lynch as Secretary/Treasurer: 3 ayes by Chairman Patrick, Trustee Lau, Trustee Lynch

*Secretary/Treasurer of the Board for Calendar Year 2010 is Ronny Lynch.*

**4. Approval of Agenda:**

*Trustee Lau motioned to approve the agenda as it stands. Secretary/Treasurer Lynch seconded. Motion carried unanimously.*

**5. Public Interest Comment:**

General Manager Jim Taylor congratulated the Board on their elected positions and thanked them for picking him to be a part of this community. Jim thanked the Board for all their trust and support of him over the past year especially with the arsenic level mandates from the federal government. Jim stated that the next 6 agenda items are very important to the future of Indian Hills. Jim thanked the professional staff he's been working with on the arsenic and pipeline project: Engineer Brian Randall, Engineer Tim Russell, and Attorney Scott Brooke. Jim stated that Michelle from the Department of Environmental Protection would not be in attendance tonight. Jim thanked Kay Vernatter and Lisa Garland from USDA Rural Development and bond counsel Marty Johnson.

**6. Discussion and possible action to approve an Interlocal Agreement Relating to Water Service between IHGID and Douglas County for the North Douglas County and Carson City Water Line Intertie Project:**

Chairman Patrick stated that the District's Attorney Scott Brooke and Engineer Tim Russell have worked on the Interlocal agreements for the Water Line Intertie Project with Douglas County and Town of Minden professional staff.

Engineer Tim Russell explained the agreement between IHGID and Douglas County as the delivery of water from Minden via infrastructure that will be owned and maintained by Douglas County. IHGID will pay a wheeling charge to have their water sent through Douglas County's infrastructure into the District. The agreement has items concerning usage rates and cost sharing of the new improvements that have to be constructed.

Attorney Scott Brooke reminded the Board that this project will transfer water rights to the Town of Minden, Carson City. Douglas County will do the same under separate agreements. Minden will construct infrastructure necessary to produce water based on these water rights. Douglas County is constructing a pipeline from the existing infrastructure to the District and through the District to Carson City. All the costs are being shared by the parties on a proportional basis based on their participation and flow needs. There is a separate agreement between Minden and Douglas County. There is an agreement between Minden and Carson City. There is an agreement between Carson City and Douglas County which is similar to the ones between IHGID and Douglas County. The next agreement discussed will be between IHGID and Town of Minden. The agreements are all conditioned upon each other. Minden has approved its agreements and Scott believes Carson City has approved its agreements. If IHGID Board of Trustees approves their agreements tonight, the agreements will go to Douglas County tomorrow for final approval. The project will then be ready for implementation.

The Board thanked all the professionals involved for their fine work on this project.

**Public Comment:**

Douglas County Commissioner Mike Olson commented this is a fine opportunity to show how IHGID and Douglas County can work together as one community. Mike commented he appreciates the opportunity he had over the past year to get to know the Board and the Commission is looking forward to working together with IHGID in the future. Art Baer asked where this leaves us as far as the EPA. General Manager Jim Taylor responded that NDEP approves of this project and has been on board with it from the start. Jim mentioned that Jennifer Carr, the Chief of NDEP was the one who pushed him in this direction.

Attorney Scott Brooke reiterated what was disclosed at the last Board Meeting that Resource Concepts, Inc. Engineer Tim Russell also represents the Town of Minden, and Bruce Scott represents the Town of Minden. Both of these men have been involved in the project. This disclosure pertains to the current agenda item and the next. Scott commented that Tim Russell and Jim Taylor were involved in the negotiations and Scott assisted with a team of attorneys. Scott noted that General Manager Taylor has shepherded this project very well.

*Trustee Lau motioned to approve an Interlocal Agreement Relating to Water Service between IHGID and Douglas County for the North Douglas County and Carson City Water Line Intertie Project. Trustee Humble seconded. Motion carried unanimously.*

**7. Discussion and possible action to approve an Interlocal Agreement between IHGID and the Town of Minden Relating to Water Service and Water Rights for the North Douglas County and Carson City Water Line Intertie Project:**

Engineer Tim Russell explained that this agreement specifically deals with the transfer of IHGID water rights to the Town of Minden. Tim stated that everything Attorney Scott Brooke said before applies to this agreement also.

Vice Chairman Pierini asked Attorney Scott Brooke if the demographics change and we were able to pump water again, would we get our water rights back. Attorney Scott Brooke stated this is correct. The water rights will be transferred and Minden will take care of them. The District will be notified of all items regarding the status of the water rights. In the event that the agreement is amended or terminated the water rights will be transferred back to the District. The point of diversion will be transferred. Minden is going to take care of this at the District's cost, during that time IHGID will be able to utilize water that Minden has. Should there be a problem IHGID can supplement with other water bought from Minden or elsewhere. In the intervening years there is a good rate that the District will get the benefit from. Essentially IHGID will be using their water rights, which keeps their cost down and Minden is giving IHGID a wholesale rate. Vice Chairman Pierini asked about the guaranteed quality of water. Attorney Scott Brooke stated that the agreements provide that all water delivered in the pipeline and to the District will meet all federal and state requirements now and in the future.

**Public Comment:**

Bob Hadfield, Chairman of the Minden Town Board commented that they look forward to a continuing working relationship and that General Manager Taylor has been excellent to work with. The Town of Minden appreciates the opportunity to do what they can to help the residents of Douglas County with these changing water quality issues. He assured that the Town is working now, preparing for the construction of duplicate facilities to be able to have redundant pumping and

supplies. Bob thanked the Board and commented it has been an excellent opportunity to work together in a real partnership with Douglas County, Town of Minden, IHGID and Carson City.

The Board thanked all those involved in working on the Interlocal Agreements.

*Trustee Humble motioned to approve an Interlocal Agreement between IHGID and the Town of Minden Relating to Water Service and Water Rights for the North Douglas County and Carson City Water Line Intertie Project. Vice Chairman Pierini seconded. Motion carried unanimously.*

**8. Discussion and possible action to approve submittal of application to USDA Rural Development for funding. Presentation of a possible funding scenario utilizing USDA Rural Development funding in conjunction with SRLF (State Revolving Loan Fund) and State Grant for Arsenic Mitigation Project. Presentation by Kay Vernatter, Community Programs Director, USDA Rural Development:**

Kay Vernatter acknowledged it has been great working with General Manager Taylor, Stacie Hunter, Tim Russell and other staff members on potential funding for the IHGID arsenic mitigation project. Kay acknowledged funding partners from the State Grant and State Revolving Loan Fund Michelle Stamates and Adele Basham as without their partnership and agencies, the USDA agency could not have brought funding option scenarios to a small community like IHGID.

Kay explained a letter of potential funding found in the Board Packet (Exhibit A) which ties into several of the next agenda items. USDA has completed underwriting scenarios with funding partners. With IHGID Board approval, USDA did an income survey of the community. Since the 2000 Census, things may have changed in the community and USDA felt that IHGID might be eligible for their grant programs. The result of the income survey was a determination that the median household income in this community allows USDA to leverage in grant funds. USDA and funding partners met and found the maximum grant, based on maximum loan affordability they could leverage into this community. Kay stated before the IHGID Board tonight for Rural Development a possible funding scenario of \$900,000 in loan, based on IHGID affordability, the number of users and what the user rate will be, and a Grant of \$834,722. Previously USDA would not have been able to leverage any grant into the project.

USDA Rural Development offers a loan term of 40 years. That loan term may be shortened by early repayment with no prepayment penalty and an interest rate of 3.25%. Marty Johnson of JNA Consulting has reviewed this information. Kay commented that both the USDA Grant and the State AB198 Grant Program look at affordability of a grant in part by what the user rate will be based on Median Household Income. The requirement is the user rate must be 1.5% of the applicant's Median Household Income for 15,000 gallons of water. Kay stated that in IHGID, for 15,000 gallons of water usage the user rate would need to be raised to \$55.12. However, most individuals in the IHGID community use approximately 10,000 gallons, not 15,000 gallons of water, so most will not have a user rate that high.

Kay stated that when USDA leverages their money into a project they look at what other funding is available. Based on the State Grant and the USDA funding scenario, the agencies are looking at a State Grant of approximately \$901,420 and a State Revolving Loan of \$1,105,630. These will be discussed tonight.

Chairman Patrick asked for clarification of the length of loan being 40 years. Kay stated yes our term is 40 years. They can do both 30 and 40, however they decided on a 40 year term

because it will be a Revenue bond, not a GL bond. The District can pay that back early with no prepayment penalties. Chairman Patrick commented he would like to see it stretch out over 40 years.

**Public Comment:**

Engineer Tim Russell commented to make the Board aware that for USDA Grant Funds as well as AB198 Grant Funds to be discussed, the rates that the District charges must be 1.5% of the Median Household Income based on 15,000 gallons per month. The current IHGID rate is now at \$53.41. To meet the 1.5% criteria, rates must be increased to \$55.12 for monthly service. This equates to a \$1.71 increase per month per household. Tim noted the important thing is it is based on 15,000 gallons per month. Most households, especially in the winter use 10,000 gallons or less. There are ways to create a tiered rate system where the highest water users would have a higher usage rate, that would enable you to get up to the required 1.5% of the MHI which would allow you to qualify for the Grant Funds. The higher rate does not have to be in place at this time but has to be in place before you go out to bid for construction. There is some time to discuss how the Board would like to do this.

General Manager Taylor clarified that there are two agencies loaning and giving Bonds to IHGID for the water project. USDA will fund IHGID portion of the pipeline to connect at the so called "T" to the pipeline going to Carson City. The State AB198 Grant will help subsidize the pipeline coming from Douglas County to Carson City. These are two different projects with two different funding sources that he believes will work smoothly together.

*Vice Chairman Pierini motioned to submit an application to USDA Rural Development for Funding. Trustee Humble seconded. Motion carried unanimously.*

**9. Discussion and possible action to approve submittal of a Loan Application in the amount of \$1,105,630.00 to the Drinking Water State Revolving Loan Fund for partial funding of two of the North Douglas County Pipeline Projects. The loan will be for a term not to exceed 20 years at an annual interest rate of 66% of the appropriate bond buyer's index at the time the loan contract is signed:**

Chairman Patrick commented that this item has to do with people who are buying the bonds from IHGID and the rate we are going to get for them.

General Manager Taylor announced that Michelle Stamates, who has been working on the AB198 Grant was not in attendance. He announced that Kay Vernatter from USDA Rural Development has been working closely with her and will speak tonight.

Kay Vernatter explained that the State has a State Grant Program for small rural communities. In their funding underwriting they have found the maximum State Grant they can leverage into this project is \$901,420. Before the Board is a motion to approve that IHGID staff go forward with a letter of intent and application to the State Water Planning Board for application for this Grant Program. State Grant Funds will be used on the pipeline corridor for the tank, booster pump, the water line and a small amount for IHGID to fix the water treatment plant.

Marty Johnson from JNA Consulting explained the way the State Revolving Fund works. The State Revolving Fund will buy the bond of the District. The State Grant Program is partially funded by Federal dollars. The requirement of the state is that they buy the bonds at a subsidized rate. The state policy has set the rate for SRF (State Revolving Funds) at 66% of the bond buyer's index. Today that bond index is at 4.31% so if you were closing the bond today the interest rate would be 2.84%. This means that when we are ready to close the

loan, we will look up that index, take 66% of that index and that will be the interest rate on IHGID bonds.

**Public Comment:** Bruce Scott, Chairman of the Board for financing water projects for the SRF, commented that the Agenda Items being discussed regarding SRF and AB198 come to his Board for preview. The staff is working hard to support these projects and pleased how things are coming together on this program with Kay Vernatter of USDA and SRF, and the IHGID Board's willingness to bite the bullet on these water chemistry issues. The Income Survey has resulted in close to 2 Million in Grants to support people in this District that won't have to be repaid. Bruce is pleased to see entities coming together on the regional pipeline project, with Douglas County being the instigator and catalyst as well as Minden and Carson City.

*Trustee Lau motioned to approve submittal of a Loan Application in the amount of \$1,105,630.00 to the Drinking Water State Revolving Loan Fund for partial funding of two of the North Douglas County Pipeline Projects. The loan will be for a term not to exceed 20 years at an annual interest rate of 66% of the appropriate bond buyer's index at the time the loan contract is signed. Secretary/Treasurer Lynch seconded. Motion carried unanimously.*

**10. Discussion and possible action to approve submittal of a Letter of Intent and Grant Application in the amount of \$901,420.00 to the State Capital Improvements Grant Program(AB198) for partial funding of the North Douglas County Pipeline Project, with the grant term not to exceed 5 years:**

General Manager Taylor reported that Kay Vernatter has been working closely with Michelle Stamates on Grant funding. Jim stated it has been a pleasure to work with professional people who really care about what they are doing, especially when it is done on behalf of IHGID.

Kay Vernatter stated that before the Board is approval for a Letter of Intent and application to the State Grant Program for a Grant of \$901,420. User rates have already been discussed.

Trustee Lau asked for the grant term not to exceed 5 years, does that mean the money has to be utilized within that 5 year period of time. Kay Vernatter replied yes.

**Public Comment:** (none)

*Trustee Lau motioned to approve submittal of a Letter of Intent and Grant Application in the amount of \$901,420.00 to the State Capital Improvements Grant Program(AB198) for partial funding of the North Douglas County Pipeline Project, with the grant term not to exceed 5 years. Trustee Humble seconded. Motion carried unanimously.*

**11. Discussion and possible action to adopt the Debt Management Commission (DMC) Notice Resolution. Presentation by Marty Johnson, JNA Consulting:**

Marty Johnson commented that the Board has heard the various components of this funding plan. Now it's time to put together the actual financing and start the process of authorizing it. The first step is before the Board tonight, the DMC Notice Resolution. Marty explained the two page Project Financing Summary and Debt Service Coverage (**Exhibit B**).

In reviewing the Project Financing Summary (Page 1) Marty noted that the amounts are slightly different now than when the document was prepared, but it will work out. Marty stated we need to begin to authorize the financing for these various components. We are looking at a General Obligation revenue supported bond for the SRF piece. The same type of bond was done in 1999 and 2007 for the District, where we will pledge rates and charges

in the water fund, but there will be a backup of the General Obligation of the IHGID. This gets the District a substantially lower rate. An estimate would be going from 2.84% to something in the 3.20% range if we had to do this as a straight revenue bond with the SRF. This is the first piece that needs to be authorized. This process takes about 5 months, and begins with the Debt Management Commission (DMC).

The second piece of the funding is going to be the USDA loan, which will not fund until the construction is complete. The loan will likely happen in a year or year and a half from now and we will need to get construction funding, so there will be interim financing that will be done. The DMC needs to approve both of those. Also, the AB198 Grant Program is a reimbursement program, so you have to spend the money, then submit expenditures to AB198 staff to be reimbursed. There may be some measure of cash flow financing that needs to be done on that program as well, which Marty can work with the District's staff on. Based on a 20 year SFR loan and for purposes of authorizing the financing, a rate of 3.25% is being used. Where rates are today, we would be substantially below that. Looking at the USDA loan, even though it says 30 years, we've adjusted it to 40 years. Looking at 40 years at 3.25% and the potential for construction financing, we need to go to the DMC with a total of a recommended \$4.2 million. Marty stated he does not believe IHGID will get near that total but that includes the SRF Bonds, the USDA Revenue Bond and the interim financing. When the project is totally complete we may have issued \$3 or \$3.5 million in bonds. All that will be outstanding on a long term basis will be the SRF and USDA Loans because the interim financing will be paid for from the AB198 Grants and the funding from USDA when the project is complete. Because of the size of the District any financing you do has to be approved by the DMC. The way it is worded for the DMC is that the total of those financings cannot exceed \$4.2 million. So, the actual amount of the SRF financing that we do isn't necessarily relevant to DMC as long as everything we do over the next 12 to 18 months doesn't exceed that \$4.2 million.

The Debt Service Coverage (Page 2) shows taking the rates currently in place into account and looking at the Debt Service that will exist on the long term financing (the SRF and USDA Loan). We have pledged revenues of approximately \$700,000 long term and maximum annual debt service (MADS). The biggest payment you will have in any given year is approximately \$567,000, so we will have sufficient revenue to repay these bonds. We go to the DMC and show them that we have sufficient revenue to repay the bonds and that we will not be using a tax rate to repay them. DMC also looks at the District's debt limit but that isn't going to be an issue in this particular case since we are only talking about \$1.3 million of general obligation debt that will be issued to the State Revolving.

The DMC meeting has been set for February 1, 2010, so at the February 17, 2010 IHGID Board of Trustees meeting we will need to continue the process of authorizing the General Obligation portion of this. At a subsequent meeting in March, April or May we need to begin other parts of the financing that we need to do for the interim financing. The USDA piece will be at the end of the process.

**Public Comment:** (None)

*Trustee Humble motioned to adopt the Debt Management Commission (DMC) Notice Resolution. Secretary/Treasurer Lynch seconded. Motion carried unanimously.*

**Recess 7:05 PM**

**12. Reports to the Board:**

**a. General Manager Report (Exhibit C)**

General Manager Jim Taylor explained a “before” picture of the wastewater sludge pond with about 4 feet of sludge in it. The “after” picture shows the sludge pond as it looks today after cleanup. This project had been on the back burner for 6 years.

Jim commented that he will start looking at all policies including the purchasing policy to see if changes are needed. Jim will bring policies to the Board in the next couple of months.

**b. District Analyst-Community & H.R. Report (Exhibit D)**

General Manager Jim Taylor reported he is trying something new in that Sandi Eisele and Accountant Stacie Hunter will not be present at Board Meetings. Jim will take any questions the Board has on their reports to the staff member, get answers, and then contact Board members directly with an answer. Trustee Humble stated for the record Sandi Eisele does not get overtime, she is a salaried employee and her report is very professional. Jim asked Board members to let him know what Pool/Pact workshop they would like offered to them. Trustee Humble suggested that Jim provide the Board with a list of training that Pool/Pact offers.

**c. District Accountant Report (Exhibit E)**

Vice Chairman Pierini noted that the General Fund Capital Outlay for Streets (equipment) shows 143.66% of budget used and asked if that means we will not be spending any more in that account. General Manager Taylor stated that we will not spend any more money from that line item, but next month the report will show a drop in % of budget used, because the money was spent ahead of time prior to the budget report.

Trustee Dianne Humble asked General Manager Jim Taylor for clarification of a statement made at the last Board meeting that we have 3 funds. She asked if it is correct that we have Ad Valorem, Enterprise and a General Fund. The income is the Ad Valorem and the Enterprise which also includes the sales tax. Jim replied no, Ad Valorem is the tax we get from the County that operates three of our entities Admin, Streets and Parks. The Water is an Enterprise Fund and Sewer is an Enterprise Fund. Jim has tried to keep these separate, but the auditing people lump them together. The Enterprise Funds are supposed to support themselves and include loans, bonds, etc. Trustee Humble commented that by state mandates they can either be together or separate and IHGID CPA’s put them together. Dianne restated that she was asking about the income that comes in to IHGID for our expenditures. The income that comes in to us is from Ad Valorem taxes and it was stated previously that Ad Valorem was only used for Streets and Parks. Dianne asked if it was correct that Ad Valorem has been used for Streets, Parks, Admin and General Fund. The Enterprise Fund has to support itself which comes from bills that go out monthly. General Manager Taylor replied yes.

**d. Engineer Report**

Engineer Brian Randall reported their time as been consumed with the waterline. Other than the Park Project there is nothing else on line at the moment.

**e. Attorney Report**

Attorney Scott Brooke stated he has been working on the water intertie pipeline agreements. Scott reminded the Board there is a small claims court hearing on January 26, 2010 that General Manager Jim Taylor and he will attend. Scott will report back to the Board after that hearing. The hearing is regarding a resident's complaint about receiving a District notice about arsenic.

**13. Discussion and possible action to amend the IHGID Snow Removal Policy:**

General Manager Jim Taylor stated that Operations Supervisor John Lufrano has been busy with snow removal. Both Jim and John have found that the IHGID 1997 Snow Removal Policy needs to be revised with more explanation put behind it. John asked other agencies for their policies, some of which have no policy. Jim handed out a new Stage One Snow removal route map to the Board. **(Exhibit F)**. John Lufrano reviewed the current primary route vs. the reasoning of the new routes and major arteries that were selected for Stage One snow removal. John stated he wants additions to the new policy Stage One to include all of Smoketree Avenue and Silverado from Parkview down the hill. John reported he had received policies from Town of Minden, Town of Gardnerville, Gardnerville Ranchos and Carson City and compiled them to create the new IHGID Snow Removal Policy. John noted that their policies all call for 6" of snow to fall before snow removal begins.

*Trustee Humble motioned to adopt the IHGID Snow Removal Policy 2010P-01. Secretary/Treasurer Lynch seconded. Motion carried unanimously.*

**14. Discussion and possible action on approval of Draft Minutes for the December 16, 2009 Board Meeting:**

*Trustee Humble motioned to approve the Draft Minutes for the December 16, 2009 Board Meeting. Secretary/Treasurer Lynch seconded. Motion carried unanimously.*

**15. Chairman and Trustees Reports, Correspondence:**

General Manager Taylor asked The Chairman and Secretary/Treasurer to stay after the meeting to sign paperwork.

**16. Adjournment:**

*Vice Chairman Pierini motioned to adjourn the meeting. Secretary/Treasurer Lynch seconded. Motion carried unanimously. Meeting adjourned at 7:48 PM.*

**FINAL APPROVED MINUTES AS PRESENTED**

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**Secretary/Treasurer  
Ronny Lynch**