

Minutes
Indian Hills General Improvement District
Board of Trustees Meeting
District Office
3394 James Lee Park Rd. #A
Carson City, NV 89705
March 28, 2011 Special Meeting
5:00 P.M. Closed Session
6:00 P.M. Open Meeting

Trustees Present: Chairman Denise Pierini, Vice Chairman Brian Patrick, Secretary/Treasurer Bill Eisele, Trustee Dianne Humble, Trustee Art Baer

Staff Present: General Manager Jim Taylor, District Analyst Community & H.R. Sandi Eisele, Accountant Stacie Joerg Cobb, Wastewater Supervisor Andy Joyner, Field Operations Supervisor John Lufrano, Attorney Scott Brooke, Administrative Assistant Karen Ziemer

Others Present: Dale Morlan, Kathryn Clark Ross, Penni Eisele, Ed James

1. **Call to Order:** Chairman Pierini called the meeting to order at 5:00 P.M.

2. **Pledge of Allegiance:** Led by Secretary/Treasurer Bill Eisele

3. **Approval of Agenda:**

Attorney Scott Brooke clarified the Agenda is for one meeting. The procedure would be that when we get to Item 4 Closed Session, a motion to go into closed session is appropriate. When the motion passes we enter the closed session. When the session is over there is a motion to come out of the closed session, then the regular meeting continues. The closed session is a portion of the regular meeting.

Attorney Scott Brooke advised that the purpose of the closed session is for the Board to be able to discuss how it feels about the collective bargaining agreement in private. The Board can discuss it in public too. Item 4 gives the Board an opportunity to discuss what they want to see done and how they want to see it done in private. Then the Board would come back into the meeting. The Board will have as many opportunities as they need to discuss everything that has to do with the bargaining agreement in private. When the Board is satisfied with the contract, it is brought to a public session as an agenda item to discuss it, approve it or modify it, or not.

General Manager Taylor commented that his idea was this closed session would be the first of 5 or 6 meetings to discuss what should or shouldn't be changed in the bargaining agreement.

Secretary/Treasurer Eisele motioned to approve the Agenda. Vice Chairman Patrick seconded. Motion carried unanimously.

Secretary/Treasurer Eisele disclosed that his daughter-in-law Sandi Eisele is the H.R. person for IHGID. Secretary/Treasurer Eisele stated that he is going to back off of anything to do with the negotiations on the union contract. He will abstain from voting and have no comments on the union negotiations due to his daughter-in-law putting information together for the union. He would feel very uncomfortable if he had to do that. Chairman Pierini asked

if this is appropriate. Attorney Scott Brooke replied that it is up to Secretary/Treasurer Eisele.

Trustee Baer motioned for the Board to go into a closed session. Vice Chairman Patrick seconded. Motion carried unanimously.

4. Closed Session:

Vice Chairman Patrick motioned to close the session. Secretary/Treasurer Eisele seconded. Motion carried unanimously.

5. OPEN MEETING TO PUBLIC:

Chairman Pierini opened the meeting to the public at 6:08 P.M.

6. Public Interest Comment: (none)

7. Discussion and possible action to adopt the Tentative Budget for Fiscal Year 2011-2012:

General Manager Jim Taylor reviewed the budget with the Board in detail. Jim explained that the tax rate we are allowed at this time is .8350 although it may change. For the Ad Valorem revenue line item Jim used 80% of the projection from Douglas County. The 80% amounts to \$841,855.76. Jim used 80% of last years' figure for consolidated tax. Jim commented that Douglas County wants to take about 7% of the .8350 tax rate we are allowed, reducing our Ad Valorem revenue and adding to the County's revenue. This will only happen if our Board says yes. Vice Chairman Patrick commented that the way he understands this, if we turn the County down they will take it to the tax commission and the tax commission will decide what happens. The Ad Valorem amount Jim has used in the budget has been reduced by 20%, so if the County takes money the allowance is in the budget already.

General Manager Jim Taylor explained that our Tentative Budget will be turned over to the State for review and they may ask IHGID for corrections in writing. Jim would then bring any corrections or changes back to the Board at their May 19, 2011 meeting to approve a final budget that will be sent to the State. Tonight this is a Tentative Budget for the Board to make changes to before it is submitted to the State on April 15, 2011.

General Manager Taylor noted there was a new line item for depreciation in all departments including administration, parks and streets. Last year depreciation was only in the enterprise funds. Trustee Baer questioned the depreciation amounts that do not compute to 2% as was agreed to some time back. Stacie Joerg Cobb, District CPA explained that depreciation funding is a fund where you set aside cash in order to pay for unexpected events. Depreciation expense which is the \$9,000.00 in administration is depreciation on assets we already have and is based on the life of the asset such as a car that depreciates and it must be budgeted as an expense. This is not a 2% figure, it is based on assets we have. Depreciation funding is on line 42 of the administration budget. It is 2% of your income and is money being set aside.

General Manager Taylor will give the Board a breakdown of monthly voice mail charges from the phone companies the District uses.

Chairman Pierini commented on the condition of the skate park that will need some repair. It needs a patch and possible seal. Trustee Humble asked if the shuffleboard money from this year that was not used has been set aside. General Manager Taylor replied that instead of shuffleboard at South Sunridge Park, we are looking at a putting green for South Sunridge Park which is what the neighborhood around the park wants. General Manager Taylor asked if the Board is requesting that we fix the skate park. Chairman Pierini replied yes, do whatever it takes to keep the kids from hurting themselves.

Trustee Baer suggested cutting the line item on page 5 line 68 for the putting green at So. Park and cutting two seasonal positions under Parks and Streets. General Manager Taylor commented that the seasonal employees we have now operate differently than they have in the past. IHGID has had seasonal workers for many years. Seasonal employees now fill in at night time when the park is used for ball leagues and they are here until 9 or 10 P.M. to make sure the restrooms are not damaged. We have spent thousands repairing the restrooms because they were left open. There is no one you can count on outside of the District to make sure the restrooms are closed at a certain time. The seasonal employees cover Saturday and Sunday, one each of the two days. In the last year we have received many comments on how everything is running well in the parks, the restrooms can now be used and someone is available for help throughout the park. The seasonal staff goes to North and South Sunridge Parks during their shift to make sure nothing is being damaged. The cost of damages may be very close to 55% of the cost of a seasonal person.

The Board agreed to cut line 68 of the Parks Capital Outlay in the amount of \$3,200.00 for a putting green at South Sunridge Park.

General Manager Taylor explained that for Street Projects on page 7 line 51 he calculates what is necessary with the budget in the tax realm of admin, parks and streets which are all under tax sponsored money. After he figures what we have to have such as telephone, lights, wages, etc. the leftover money goes into the street projects line item. Three years ago the line item was \$200,000 left over after doing the budget, the following year it was \$120,000, last year it was \$74,000 and this year it is \$38,000. That is our cushion and we will be damaging our streets if we have no money. The economy has affected IHGID. If the County takes 7% or more, we may have no funds for roads.

General Manager Taylor commented regarding snow removal. The best scenario we have found in IHGID for our snow removal policy and equipment is if we have one more little dump truck like we have now with a sandbox in the back of it so when the snow comes one truck will go to the west side, one to the east and the streets can be done in three hours. The best plow we have found to make a difference is the V Blade which can go in different directions. To make snow removal easy, quick and fast we need one more flatbed dump truck identical to the one we have now with a sandbox in it. The \$21,000 in the budget is for a used truck on page 7 item 63.

General Manager Taylor explained that in the Enterprise Funds under Sewer, Line 6 commercial connections, we have none in the budget. However we may receive some connections if The Cottages are built. Connection fees should not be used for expenses; they should be kept in a separate fund and used for the growth of the plant. Regarding the rebuilding of the Headworks it currently is not working and has to be drained and pumped. The cost to rebuild will be approximately \$258,000. General Manager Taylor suggested the Board take this money from the money market account and quit borrowing money for every project. We have excess money in the money market to be able to cover this and other

projects. Sludge removal has been a hassle for a long time. USDA has committed to us that they are on board with the sludge removal program that we have set forth. With this we will try a solar package for the first time at IHGID. The \$1,355,750 in the budget will cover the solar panels, a press to compress the sludge for removal, a truck to move the sludge out, a building and solar power to run the press. NV Energy is involved in this project. The solar panels we are looking at are called plug in panels that will be strung together. The building that is uphill on the grounds now may have a floor installed in half of it to store the vacuum truck and will be used as a storage shed.

Public Comment: Wastewater Supervisor, Andy Joyner commented that the week of April 11, 2011 there will be a screw test pilot test run for 3 or 4 days. Andy will keep the Board informed of the date if they want to attend. Andy stated he is at a critical level in pumping out the sludge.

General Manager Taylor stated that USDA is on board in helping us find a grant if the Budget is passed.

General Manager Taylor left the meeting.

Recess: 7:20 P.M.

Resumed: 7:30 P.M.

Public Comment: Kathryn Clark Ross asked for clarification on Valley Vista Park on page 5 line 62. Field Operations Supervisor John Lufrano clarified that we have \$60,000 set aside now in the budget, the County will give us \$60,000. We have \$120,000 total with our estimates coming in at \$74,000 per RCI to finish Phase 2. When Phase 2 is finished we will submit ½ of the cost to the County.

Trustee Humble motioned to approve the Tentative Budget for Fiscal Year 2011-2012 as it stands with the amendment to eliminate the blade and truck, lines 62 and 63. And put those amounts into line 51 streets projects. Seconded by Vice Chairman Patrick. Motion failed 2-3, 2 ayes by Vice Chairman Patrick and Secretary/Treasurer Eisele; 3 nays by Chairman Pierini, Trustee Baer, Trustee Humble

Secretary/Treasurer Eisele motioned to approve the Tentative Budget for Fiscal Year 2011-2012 as it stands. Trustee Humble seconded. Motion carried unanimously.

8. Discussion and possible action to transfer funds in the amount of \$14,000.00 from the Reserve Depreciation line item to the Sewer Fund for repair of the vacuum truck:

Field Operations Supervisor John Lufrano reported that the vacuum truck is sent out 3 days per week for flushing or vacuuming in the sewer and storm drain system. We were at Lift Station 2 attempting to vacuum it out when the fan caught a plug in the bottom of the housing and destroyed the fan blades. Possibly this was due to the fan having a bearing go out, but the cause is not known yet. An estimate was received from Municipal Maintenance Equipment for them to come here to fix the vacuum truck. We have no insurance that covers this loss and at this time John does not believe lack of maintenance caused the problem. Secretary/Treasurer Eisele noted that we loan this truck out with an operator to other areas. If the truck leaves the District with a trained operator he would like to get money back from the different agencies that are using it. John Lufrano replied that the only other agency we have loaned it to is Douglas County, that he knows of and we traded them

for work they did at our sewer ponds. John will look into recovery of funds for the equipment and an operator and report back to the Board. John commented that there is an amount of \$2,337 in the quote for a hydraulic motor that may not be needed. There is no company locally who is capable of repairing such a finely tuned instrument. It is a Vac-Con apparatus, not the truck.

Public Comment: (none)

Trustee Humble motioned to transfer funds in the amount of \$14,000.00 from the Reserve Depreciation line item to the Sewer Fund for repair of the vacuum truck and once the vacuum truck is repaired we do not lend it out to any entities for anything and someone lets the Board know how long the warranty is for. Seconded by Art Baer. Motion failed 2-3, 2 ayes by Trustee Humble and Trustee Baer; 3 nays by Chairman Pierini, Vice Chairman Patrick, Secretary/Treasurer Eisele

Secretary/Treasurer Eisele motioned to pay the \$14,000.00 to get the truck fixed and at the next Board meeting see a dollar amount of the cost of wages paid for one trained employee that goes out with the truck and what $\frac{3}{4}$ of the cost of an outside truck rental would be, and to loan the truck out with a trained operator. Vice Chairman Patrick seconded. Motion carried 4-1, 4 ayes by Chairman Pierini, Vice Chairman Patrick, Secretary/Treasurer Eisele, Trustee Baer; 1 nay by Trustee Humble

9. Discussion and possible action to accept General Manager Jim Taylor's resignation effective April 1, 2011:

Vice Chairman Patrick motioned to accept Jim Taylor's resignation with great sorrow. Secretary/Treasurer Eisele seconded. Motion carried unanimously.

10. Discussion and possible action to select an Interim General Manager:

Sandi Eisele reported that 15 applications have been received for a full time General Manager. Trustee Humble commented that Mr. Taylor may have had something in mind for an Interim General Manager but at the request of his family and with the disposition of the Board and our discussions in having difficulty reaching an agreement we need to hire a full time manager and in the interim probably need an Interim General Manager. Chuck Swanson and possibly Kathryn Clark-Ross have offered to be Interim General Manager. Secretary/Treasurer Eisele suggested John Lufrano could do the job. Trustee Humble stated that Jim Bentley has offered to be Interim General Manager as long as it doesn't take the Board more than 3 months.

Vice Chairman Patrick commented that the Board has no background on anybody to select anybody and he does not see this as pertinent to the Agenda item. Whatever General Manager Taylor had in mind there is no backup. We cannot vote on a selection of someone.

Trustee Baer commented he had talked to Jim Bentley who made a commitment a long time ago that if the District got in trouble he would be happy to come back. Trustee Baer suggested Jim could take care of the budget and contract negotiations. As far as qualifications, Jim Bentley has a Masters in Business Administration. Jim set up this District and worked here for 8 years. He can hit the ground running until we pick a General Manager and he offered to do the screening for us.

Chairman Pierini commented that at the last Board meeting General Manager Taylor suggested the Board may consider two of our employees for this interim position. Chairman

Pierini has been informed that one of those employees is not interested due to personal circumstances. Chairman Pierini is pleased that John Lufrano's name has been mentioned and asked John Lufrano if he is interested in the position. Field Operations Supervisor John Lufrano replied that the goal would be to keep the District running. Both Sandi and he would have to spend a great deal of time getting an Interim up to speed now. John does not have much time to that. If it would help the District for 3 or 4 months he doesn't see it as a big problem. The staff is doing a phenomenal job now and John thinks it would be the easiest and smoothest transition and he is comfortable with it. Chairman Pierini asked Attorney Scott Brooke if John Lufrano being an Interim General Manager would be affected by him being a member of the union. Attorney Brooke replied that if the Board entered into an agreement with John Lufrano to be the Interim General Manager he would be required to resign from the union. Chairman Pierini asked John Lufrano if he was prepared to resign from the union if the Board should select him to take on this task. John replied yes, if we agree that in 2 months from now if the Board does not think him being in that position is not doing the best for the District that he could step back down to his Field Operations Supervisor position. Basically John would just be working out of class for a certain period of time, with the same issue as far as the union is concerned. Attorney Brooke agreed that a contract would be necessary. In the past the issue of compensation has come up for asking an employee to take on additional duties. It would be a contractual matter to give additional compensation.

Vice Chairman Patrick asked Sandi Eisele, District Analyst Community & H.R. what her comfort level is with this situation. Sandi Eisele commented to Chairman Pierini she wanted to clear up that it definitely wasn't related to personal circumstances, it was work related. Sandi would not be able to do the jobs she is required to do and hired to do. She could not do what is necessary and do another full time job. She was hired for her current job and that is her priority. Sandi stated she is very uncomfortable with the situation for John Lufrano's sake. Sandi does not feel it is a fair position to put an employee in with their job requirements. The position they are put in as authority figures to possibly discipline other employees; as an employee he will not be looked upon fairly any longer. Vice Chairman Patrick asked what the closing time is on the ad for General Manager. Sandi replied there was none put on the ad, it is an open recruitment that states we may close it at any time without notice.

Trustee Humble asked Sandi Eisele if the requirements in the ad for the General Manager position include a Bachelor's Degree. Sandi replied there are qualifications we will accept based on the 2008 ad that was approved and an ideal candidate which includes a Bachelor's Degree and 10 years experience and an engineering background. Trustee Humble commented that someone from Job Connect had contacted her and offered services for free to help with screening of applicants, take applications and we can interview the applicants at Job Connect if we want. Trustee Humble had asked the Job Connect representative if they had anyone in their database that could fill this position. The representative replied that no, IHGID qualifications are very strict. Sandi Eisele commented that at the last Board meeting she was given no guidelines to go on, so she used the last time we hired a General Manager in 2008 and used that criteria. It took approximately 8 months for that hiring process. Sandi published ads in six publications as was done in 2008.

Public Comment: Kathryn Clark-Ross commented if we could get Jim Bentley back to run the District for 3 months she thinks it is a good idea. Kathryn doesn't know why the Board members would have a problem with this.

Trustee Baer commented that the budget needs to be finished and we don't know what it will entail we have union negotiations coming up. Trustee Baer commented he has nothing against John Lufrano but in his working experience anytime he was moved to a manager position he was moved as far away from employees he worked with. You do not take an employee and put him in over people he has worked with. This would create hard feelings and unrest.

Vice Chairman Patrick read a two page letter (**Exhibit A**) dated March 22, 2011 that was passed to him during the meeting regarding John Lufrano and the work he has been involved with in the District. Attorney Scott Brooke asked for clarification of who the letter was from. Vice Chairman Patrick replied he believed it was from Jim Taylor. Secretary/Treasurer Eisele replied it was from Jim Taylor. Trustee Humble commented to Chairman Pierini that the letter should not be considered as only one Trustee had it, Secretary/Treasurer Eisele and it was not in the Board Packet.

Secretary/Treasurer Eisele motioned to nominate John Lufrano as Interim General Manager until the time that we hire a new manager with the request that John's permanent job stays as it is and he can return to it and that he has to drop out of the union. Vice Chairman Patrick seconded.

Secretary/Treasurer Eisele amended his motion to include a contract be made between IHGID and John Lufrano. Vice Chairman Patrick seconded the amendment. Motion carried 3-2, 3 ayes by Chairman Pierini, Vice Chairman Patrick and Secretary/Treasurer Eisele; 2 nays by Trustee Baer and Trustee Humble

11. Discussion and possible action regarding the status of recruitment for the General Manager position:

Sandi Eisele, District Analyst Community & H.R reported she has received 17 resumes for the General Manager position to date. Sandi has not had time to look at all of the applications; she has been stamping and filing them. Chairman Pierini recommended that Sandi keep the applications confidential until the Board decides how to proceed at the next Board meeting. Sandi commented that Pool/Pact or an outside agency may help her in reviewing applications to see if the ad qualifications have been met.

Secretary/Treasurer Bill Eisele motioned to select a committee of 2 Board members and to contact Bob Spellberg from the Gardnerville Ranchos GID to see if he is interested in assisting in review of applications and to bring a recommendation to the Board prior to the April 25 Board meeting. Vice Chairman Patrick seconded. Motion carried 4-1, 4 ayes by Chairman Pierini, Vice Chairman Patrick, Secretary/Treasurer Eisele, Trustee Baer; 1 nay by Trustee Humble

The Board changed the April 20, 2011 Board meeting to Monday April 25, 2011 at 6:00 P.M.

Human Resources Manager Sandi Eisele clarified with the Board that she will bring the applications of qualified applicants to the committee after the April 25, 2011 Board meeting. Chairman Pierini asked Sandi Eisele to ask Bob Spellberg or Bob Hadfield if they could assist in the review of applications and what date they would be available. Sandi will report the available meeting dates to the Board at their April 25, 2011 Board Meeting.

12. Chairman and Trustees Reports, Correspondence

Secretary/Treasurer Eisele reported that he, Chairman Pierini and General Manager Taylor were invited by the Douglas County Manager and County Commissioner Mike Olsen to a meeting held at the District to discuss some financial things they had been talking about. They want money from the District. They are not sure yet how much they are going to need

because they have not been told by the State yet. They were giving the District a “heads up”. They gave us some paperwork that we made copies of and passed out to all the Board members. When the time is right they will present this to the Board. Secretary/Treasurer Eisele stated that after this meeting he knows that Trustee Humble and Trustee Baer also had a meeting with the County Manager and Mr. Olsen. Secretary/Treasurer Eisele asked Trustee Humble to share what the discussion was about. Trustee Humble stated she had nothing to say. Secretary/Treasurer Eisele commented that he knows this will be taken to the county level and at that time Mr. Baer and Mrs. Humble asked the County to take over IHGID. This was an open meeting. Secretary/Treasurer Eisele asked Trustee Baer if he had anything to say about this. Trustee Baer replied no. Secretary/Treasurer Eisele commented that this is the time the Board is supposed to report back to the Board on any meetings or correspondence. He is appalled that the Board is not getting any reports or correspondence on this subject and asked why this wasn’t brought to the Board to begin with.

Chairman Pierini asked the Board if they wanted to schedule another closed meeting between now and April 25, 2011. The Board chose Monday April 4, 2011 at 3:00 P.M. for a Special Meeting with a closed session regarding possible changes to the union contract.

13. Adjournment:

Secretary/Treasurer Eisele motioned to adjourn the meeting. Vice Chairman Patrick seconded. Motion carried unanimously. Meeting adjourned at 9:25 P.M.

FINAL APPROVED MINUTES AS PRESENTED

**Secretary/Treasurer
William Eisele**