

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

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

Staff Present: General Manager Jim Taylor, District Analyst Human Resources & Community Sandi Eisele, Field Operations Supervisor John Lufrano, Administrative Assistant Karen Ziemer

Others Present: Attorney Scott Brooke, Engineer Tim Russell, Dave Fournier, Jimmy Weaver, Marco Manor, Irma Manor, Penni Eisele, Thomas Harris, Ollie Harris, Ron Kruse, Art Baer, Steve Weaver, Herb Horner, Kathleen Rubenstein, Brad Rubenstein, Larry Logan

1. **Call to Order:** Chairman Patrick called the meeting to order at 6:00 P.M.
2. **Pledge of Allegiance:** Led by Chairman Patrick
3. **Approval of Agenda:**

Vice Chairman Pierini motioned to approve the Agenda as presented. Trustee Eisele seconded. Motion carried unanimously.

4. **Public Interest Comment:**

Kathleen Rubenstein read a statement (**Exhibit A**) regarding the May 10, 2010 IHGID Special Meeting process to select a temporary Trustee to fill a vacant position on the Board. Kathleen requested her comments be posted on the G.I.D. website.

Brad Rubenstein read a statement (**Exhibit B**) regarding the May 10, 2010 IHGID Trustee selection process and requested his comments be posted on the G.I.D. website. Brad commented on the Board's lack of discussion regarding relative merits of candidates interviewed.

Marco Manor read a statement (**Exhibit C**) regarding items discussed at the the April 14, 2010 Board Training Workshop. Marco commented on the need for Trustees working together as a team.

Larry Logan commented on his concern with the rates being raised recently, including sewer, service rates and now water rates.

Trustee Eisele disclosed he has a relative working for Indian Hills, his daughter-in-law Sandi Eisele. Brad Rubenstein asked Trustee Eisele if he feels a potential conflict in managing the G.I.D. due to his disclosure. Trustee Eisele replied no.

5. **Public Hearing on the Proposed Action to adopt Resolution 2010R-03 amending the current water rate schedule of fees and monthly water usage fees charged for water delivered by the Indian Hills G.I.D. to comply with monthly rates required for Grant Funding of IHGID Water Improvements for Arsenic Compliance:**

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Chairman Patrick asked for public comments regarding a rate increase.

Larry Logan questioned if places like Wal-Mart get charged the same rate as he does with the exception that they use more water, and are residents paying extra for them vs. resident's small yards. Chairman Patrick replied we don't service Wal-Mart or the Topsy Lane area. Larry asked if the Mica Drive businesses get charged a different rate than homes. General Manager Jim Taylor replied at the present time no. Jim commented he is looking into this matter to make sure all customers fall in line with increased rates.

Steve Weaver commented that the threshold for the per 1,000 gallons rate used to be 15,000 gallons and now it is 10,000 gallons. Steve asked if this was a requirement for the revolving loan. District Engineer Tim Russell responded that the requirement for the USDA Grant Funds is based on 15,000 gallons of use per month and a rate of \$55.16. To get to the \$55.16 rate using the over 10,000 gallons of use per month seemed the fairest way to increase the rate by the necessary amount. Typically most people use less than 10,000 gallons per month.

Ed Kingham questioned if the \$55.16 number excludes the sewage fee we pay every month. General Manager Taylor replied yes it excludes the sewage fee.

Craig Whitener commented regarding inconsistency with water use. He has been told he is using more water during winter than in summer. General Manager Taylor will talk to Craig at a later time to find out what is going on.

Trustee Dianne Humble commented that at the November 9, 2009 Board meeting Chairman Patrick stated there would not be another water rate increase for years. Dianne stated she had been a lone no vote on this issue. She feels the Water Rate Committee comprised of Trustee Lau, Trustee Patrick and General Manager Taylor should have included the public and not have met behind closed doors.

Trustee Humble moved to table this item so that the Trustees and public could be included in this process and everyone is notified and has time to study the material.

General Manager Jim Taylor commented that the increased rate is not affecting everyone who is a resident of IHGID. Jim, staff and our Engineering firm worked hard to come up with the proper way to increase the rate. Jim stated that yes, the water rate did increase 5 months ago. However, to be Grant eligible the District needed to have a water rate of \$55.16. If the rate increase is not passed the District will lose the Grant. If the Grant is lost, we either lose our water, or the water rate will have to go up. With this rate scenario the base rate is not touched and will stay at \$24.16 per month. If the rate increase is not passed, the base rate would need to be raised by 6 or 7 dollars, to continue operations as they are now. When you lose the Grant you could lose the pipeline. If the pipeline is lost the District would have to spend \$4 million for a filtration plant and \$300,000 a year to operate it. If you divide these amounts by the number of customers, it would cost \$13.42 more per customer just to operate the filtration plant. General Manager Taylor stated he had done 99% of the water rate study. There is \$1,700,000 in Grant money coming to the District which is 46% of the project. 54% of the project will be loan money. We are not affecting every resident in Indian Hills. In reviewing April, 2010 water usage approximately 100 customers, largely commercial, are hurt by a .30 cent rate increase. Jim stated he didn't want this rate increase to happen but he felt residents deserved a Grant to be given to them.

Trustee Humble asked for a public forum if rates need to be raised again.

Trustee Lynch commented that water usage information contained in the Board packet showed 1796 meter readings and out of those, 1,686 accounts would have a top rate of \$43.60 per month if they used 10,000 gallons. This means 94% of customers would be paying \$43.60 and those using under 10,000 gallons would be paying less.

Chairman Patrick commented that he did not recall saying there would not be another rate increase. He commented that when the water base rate was raised there had not been an increase in 6 years. The District is playing catch up as the community is not growing to accept new service requests. Maintenance costs for current systems must be paid. On the advice from Mr. Art Baer to get a Grant, the District ran a census to compile an average income. 1.5% of the average income (\$55.16) is what makes the District Grant eligible. When the Board made the motion to adopt the pipeline and the amount of money, the District Engineer Tim Russell noted that the rate would have to be raised again because the average rate on 15,000 gallons of water usage would not hit the required \$55.16.

Brad Rubenstein stated he agreed the District has to go to the \$55.16 rate and get the Grant money. Brad agreed with Trustee Humble in bringing more people together to reach a solution that is palatable to the public. He suggested adopting a strategy where you create a subsistence level of water usage such as 4,000 or 5,000 gallons a month where the charge is approximately \$15 per month, then ramp it progressively up from that. This way you would be giving something back to the customers that are getting hit with a \$65.00 water bill now. It could allow the Board a way to work with the public to achieve a result.

Steve Weaver commented he will probably be one of the 5% that will be paying a higher rate. He does not feel the Board has any choice, and the District needs to take advantage of the Grant to help pay for the federally unfunded mandate. This is the best alternative and he looks forward to having better quality water coming from Minden. He supports the proposal.

Trustee Humble motioned to adopt Resolution 2010R-03 amending the current water rate schedule of fees and monthly water usage fees charged for water delivered by the Indian Hills G.I.D. to comply with monthly rates required for Grant Funding of IHGID Water Improvements for Arsenic Compliance. Trustee Eisele seconded. Motion carried unanimously.

6. Discussion and possible action regarding the update of the IHGID Commercial, Industrial and Domestic Water Service monthly service fees Policy to be compliant with Resolution 2010R-03 changing water usage fees effective July 1, 2010:

Trustee Humble commented there aren't many commercial properties now except for those on Mica and in order to move forward she'd like to see a map of existing commercial properties and a five year projection. General Manager Jim Taylor commented he did not feel the commercial customers were carrying their load in Indian Hills. The Policy document before the Board tonight follows the Resolution that was adopted tonight for a rate increase. Jim will continue to research water usage in the District in the next year. The current policy treats all customers equal. Commercial properties use a lot of water and are a burden to our system and pumps. There are fire hydrants that contractors hook up to and use water for their construction projects. This has been going on for years and will continue. Jim will address a charge for hydrant use. When changes are discussed, Jim will give notice by mail, post on our website or put a notice in the paper regarding this process. Changes will include charges relevant to pipeline sizes.

Trustee Humble responded that she has been talking to General Manager Taylor for sometime about the water usage at Sunridge Golf Course in that they are paying the same rate as she is at her home. She notices water they use is in the street at night from sprinklers.

Dianne stated Sunridge Golf Course had been given the same rate as residences when they were part of the District. Now they are part of the re-development district. Since they are no longer in our District and are commercial, they should be charged more.

Vice Chairman Pierini stated she believes an agreement was made by a previous General Manager with the Golf Course for them to take our effluent water and she did not know if there is a charge for the effluent. Jeff Galloway responded that there was deal for them to take the effluent for .15 cents per thousand approximately 7 years ago. Jeff does not know if that has changed since he was involved in the rate study. There is a cost for treating the effluent and it probably should be looked at.

General Manager Taylor stated Sunridge Golf Course is not paying for our effluent. The effluent has to go somewhere. The District's ponds fill up Sunridge ponds and then are used to water lawns.

Trustee Humble asked if there are any industrial customers in our District. General Manager Taylor replied none at this time, only commercial.

Public Comment: (none)

Trustee Humble motioned to update the IHGID Commercial, Industrial and Domestic Water Service monthly service fees Policy to be compliant with Resolution 2010R-03 changing water usage fees effective July 1, 2010. Secretary/Treasurer Lynch seconded. Motion carried unanimously.

7. Public Hearing on the previously adopted Tentative Budget for the District for next Fiscal Year 2010-11, and including adoption of a Final Budget for Fiscal Year 2010-11 with direction to the General Manager to have the adopted Final Budget for FY 2010-11 prepared on the appropriate forms and timely submitted to the State Department of Taxation:

General Manager Taylor reported there have been no changes to the Budget since we had the Tentative Budget Hearing last month. The Final Budget needs to be turned in to the Department of Taxation tomorrow.

Chairman Patrick noted that there was a notice received from The Department of Taxation stating they reviewed our Budget and it is pursuant to NRS 354.596 and is in compliance with laws and regulations.

Public Comment: Brad Rubenstein asked if the RCI Contract for engineering support to be heard tonight is included in this budget. General Manager Taylor replied yes it is in the budget under every fund under professional fees.

Secretary/Treasurer Lynch motioned to accept the Tentative Budget as the Final Budget for next Fiscal Year 2010-11. Trustee Eisele seconded. Motion carried unanimously.

8. Reports to the Board:

a. General Manager Report (Exhibit D)

General Manager Jim Taylor reported that bids are being received for finishing crack replacement in two different street areas. Jim invited Board members June 1, 2010 at 2:30 PM to view all the improvements that have been made in the Parks. Jim handed out pictures of sewer manholes that have not been maintained and are clogged with grease and roots that could cause

flooding in streets. Also shown was a manhole that had recently been cleaned. The last cleaning of sewer manholes was approximately six or seven years ago.

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

c. District Accountant Report (Exhibit F)

Chairman Patrick noted that the Accountant Report numbers for Cash balances as of 4/30/2010 show that the bottom line funds are retention funds we cannot use until bonds are paid in full. He explained the District has four loans and as they are paid off (the earliest in 2016); the money is held by the state for last payments on the notes.

d. Engineer Report

Engineer Tim Russell reported that in addition to the roads one important thing that has been accomplished is the Division of Water Resources is going to be reducing the duty of our water rights. We should be getting a letter regarding this shortly. Currently duty is 1.1 acre ft per lot and will be reduced to .6 acre feet per lot based on existing research. The good thing is this stretches out our existing water rights further because it takes less of the water to reach. In addition Tim suggested that the Board look at a policy requiring people coming from outside the District asking for water service from the District, bring their own water rights. This way the District will have the water rights to service the people inside the District.

Public Comment: Steve Weaver asked if it was possible for someone with a residential well to give water rights to the District. Engineer Tim Russell replied that if you have a domestic well and want to connect to a water system, the Division of Water Resources has set up a way to give to the District a domestic well credit so the District gets credit for the domestic well after it has been plugged.

e. Attorney Report:

Attorney Scott Brooke reported the District was recently named in lawsuit that was filed by a former employee. It has been tendered to Pool/Pact. A current employee and former Trustees were named. Scott will prepare a written summary report on that to Board in near future.

7:10 Recess

7:20 resumed

9. Discussion and possible action to adopt 2010R-04 Water Bond Resolution; providing for the issuance by IHGID of its General Obligation (Limited Tax) Water Bond (Additionally Secured by Pledged Revenues), Series 2010, in the maximum aggregate principal amount of \$4,200,000:

Chairman Patrick explained that the phrase “Additionally Secured by Pledged Revenues” as the item related to the \$55.16 rate that makes the District eligible for Grants of \$1.7 million from Federal and State agencies. The District will get a very low interest rate working with the Nevada State Revolving Fund.

General Manager Jim Taylor explained that this resolution is coming back to the Board for signature after a resolution adopted on February 17, 2010 that called for a 90 day grace period. This is a bond to borrow money from as we get loans and grants. We must spend money to get money. We are approved for \$4,200,000 even if we need less. Jim reported

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that JNA Consultants had recommended leaving the dollar amount as is, as the interest rate could change. Jim stated approximately \$1.4 million is the highest amount the District will borrow.

Public Comment: Brad Rubenstein commented that this is basically a bridge loan to get the District to its loans and grants. Brad asked when the loans and grants are received will this be paid off. He asked for clarification that none of these funds will be used for any other purpose than to build pipeline. General Manager Taylor replied this loan will be closed in about 2 years. When the District requests money from the State or USDA, they send money to the District is paid directly to this loan.

Engineer Tim Russell commented this is a maximum bridge amount. When the project is said and done in 2 years, there will be two loans. A 20 year State loan from SRF (State Revolving Fund) and a 40 year loan with USDA that can be prepaid. Both loans will be outstanding. The \$4,200,000 is the maximum loan to debt amount the District can apply for. General Manager Taylor reiterated that in 2 years the District will not owe any money on this bond. When the construction goes away, this bond goes away. This water bond cannot be used for anything but the pipeline meaning it cannot be used for water or sewer.

Secretary/Treasurer Lynch motioned to adopt 2010R-04 Water Bond Resolution; providing for the issuance by IHGID of its General Obligation (Limited Tax) Water Bond (Additionally Secured by Pledged Revenues), Series 2010, in the maximum aggregate principal amount of \$4,200,000. Vice Chairman Pierini seconded. Motion carried unanimously.

10. Discussion and possible action to approve an agreement between IHGID and Resource Concepts, Incorporated (RCI) for Professional Services and Consultation:

General Manager Taylor stated that former Engineer Brian Randall from RCI has retired. The last RCI contract was in 2003 and Brian Randall had suggested that the District's Engineer Tim Russell freshen up the RCI contract. Jim stated for clarification when Tim is working on anything to do with the pipeline, such as environmental issues, he is reimbursed by the state for the pipeline project. RCI has many people working on the pipeline and they are all good to work with.

Trustee Eisele asked what the term of the contract is. Tim Russell replied it is open ended with a 30 day notice.

Public Comment: Brad Rubenstein commented that the agreement looks fine. Brad is surprised there is not a budgetary, not to exceed figure in the agreement that would raise a flag for amounts nearing the figure that forces additional discussion and approval.

Steve Weaver commented that after hiring RCI 17 years ago he has been very satisfied with their work. Tim Russell has done work with Steve at the state as a subcontractor. RCI has consistently done a good job and their rates are very reasonable compared to other comparable firms, plus the District gets a 15% discount. Steve recommended renewal of RCI's contract.

Vice Chairman Pierini motioned to approve an agreement between IHGID and Resource Concepts, Incorporated (RCI) for Professional Services and Consultation. Trustee Humble seconded. Motion carried unanimously.

11. Discussion and possible action to purchase a GPS (Global Positioning System) for mapping storm drain manholes, including software to run the system:

General Manager Taylor reported that the District will be ahead of the State requirement to monitor our Storm Water System. The easiest way for staff to locate and number the storm drains would be to locate them with a GPS System. RCI has been involved with staff studying GPS Systems. The street budget currently has \$22,000 in a line item for Storm Water Expense management that will cover the GPS and the software necessary. There is a \$400 license fee that must be paid yearly to operate the GPS System. Customer's monthly billing includes a .10 cent fee for a Storm Water Management which will cover what is needed for a couple of years. The GPS can be used for locating other things in the District that will help with record keeping.

Engineer Tim Russell commented that the GPS System will allow for creation of maps of not only storm drains but water and sewer.

Trustee Eisele commented it is his understanding there have never been good records of District systems.

Vice Chairman Pierini asked who will be trained to run the equipment. General Manager Taylor replied that two people will be trained from the Streets and Roads Department. The training is provided by the GPS company. Engineer Tim Russell commented that RCI has their own staff trained that is available to train IHGID staff. The intent is to allow the District to have full ownership of the unit and software so that if problems arise RCI can help train or troubleshoot. RCI would not be doing all the work. The intent is to have the District do the work themselves. Vice Chairman Pierini asked if the warranty had been looked into. General Manager Jim Taylor replied yes. Jim stated that the GPS System will be housed in John Lufrano's office. Field Supervisor John Lufrano stated it will be locked up in his office each day.

Trustee Humble commented just because there are dollars in the Budget does not mean they must be spent. RCI did paper maps before which can be used. The maps are either at the District or at RCI. They are not today's technology, but can be used and the money set aside for another use. General Manager Jim Taylor reported that the map records are lousy. There are sewer lines that go from Point A to Point B with the maps showing they go from Point A to Point C. Jim asked staff to go out in the field to give him an updated report of locations of every manhole and number them. The maps are showing direction of lines that are wrong. Jim noted that IHGID will be ahead when the NDEP requirement comes about. Jim noted there was a manhole that had problems and was not on the current maps. District staff didn't know a manhole was there because a resident parked his vehicle over it every night.

Field Operations Supervisor John Lufrano explained this was a sewer manhole in the gutter which is odd. Usually manholes are viewable from the street, are in alignment and flow together. This one manhole jogs to the gutter then comes back out to the street. A car has been parked over it for a very long time. Other benefits of this GPS are the ability to track all of our backflows in water system, which we have had issues with. For every manhole staff visits, we can enter in a depth and a width. There are details that we can put in the GPS System that we can't do in the field currently. There is a map staff got for the sewer system that comes from the County, not from RCI. RCI maps are for water and storm water which are very accurate. The problem is with the sewer. We need to update the sewer map and it will be a benefit for the storm water monitoring. Every time a lid is lifted on a manhole, data will be entered and downloaded to a computer. Changes can be made easily and quickly by staff and link to RCI.

Trustee Lynch commented that current maps were made many years ago and things change. The only way to keep track of changes is to have an accurate GPS System. Budget money has been put aside.

Public Comment: Mr. Porter commented the District should be sure they have a software upgrade and maintenance package and a backup stored off site. General Manager Taylor replied the District and RCI will have a copy of the system.

Craig Whitener commented that the GPS is not a miracle fix; the job still has to be done by someone.

Larry Logan asked what the GPS consists of. General Manager Taylor replied it is a handheld unit and a computer that is able to handle the system.

Trustee Eisele motioned to purchase a GPS (Global Positioning System) for mapping storm drain manholes, including software to run the system. Trustee Humble seconded. Motion carried unanimously.

12. Discussion and possible action to approve amendments to the Employment Agreement between IHGID and its General Manager James Taylor regarding benefits to allow for a combined accrual rate for both annual and sick leave and an immediate one time addition of 80 hours to his combined leave bank:

Attorney Scott Brooke referred to a memorandum from Attorney Jennifer Yturbide (**Exhibit G**) who worked with Jim Taylor in drafting the changes that represent his request. The changes are summarized on page 2 of Attorney Yturbide's Memorandum.

General Manager Taylor explained he likes to take 2-3 days off at a time. He is now accumulating sick and vacation both. He does not use sick leave much but uses vacation all the time. Jim is requesting an additional 80 hours one time only to use as additional vacation time.

Vice Chairman Pierini reported she had asked General Manager Jim Taylor's permission to spend time with our HR Director to go over what District policies are. In this meeting she went over Jim Taylor's current contract, what he receives for vacation and sick pay, what his balances are and what he has used year to date. In his current contract sick leave can be rolled over and has no limit on accrual. Mr. Taylor is willing to forfeit his sick leave for the additional 80 hours. Currently he has a total of 240 hours per year between sick leave and vacation. The new contract would have 200 hours of annual leave with no sick pay and forfeiting of his severance. The District will save a lot of money at the end of Mr. Taylor's service.

Trustee Lynch commented that he had figured General Manager Jim Taylor is currently getting 30 days of leave time and Jim is now asking for 25 days, which is 5 days less than he is currently getting. In adding the additional 80 hours requested, Jim is only gaining 5 days of leave.

Trustee Humble asked for clarification if management is covered by a union collective bargaining agreement. Attorney Scott Brooke replied no. Trustee Humble asked if the General Manager position is a salaried position regardless of the hours they work. Attorney Brooke replied it is and is also a contractual position where the Board can negotiate the terms of the contract at their discretion. Trustee Humble asked why the collective bargaining unit information had been included in the Board packet. Attorney Brooke replied that it was used as a guideline initially and now the policy of the District has been to treat all employees equally and the collective bargaining agreement is the foundation of that. There is also precedent in any District for particular

negotiations and separate provisions for management and the General Manager. Trustee Humble asked if there are separate provisions for negotiations for union employees. Attorney Brooke replied the union negotiates collectively on behalf of all employees within the union and has a contract for a set period of time.

Public Comment: Brad Rubenstein commented that Jim Taylor's request is a fair offer the District and should be approved.

Larry Logan commented that Mr. Taylor's part time job is more hours than his own full time job and that he should be asking for more.

Trustee Humble motioned to approve amendments to the Employment Agreement between IHGID and its General Manager James Taylor regarding benefits to allow for a combined accrual rate for both annual and sick leave and an immediate one time addition of 80 hours to his combined leave bank, with the caveat that he let us know when he is going to be gone. Vice Chairman Pierini seconded. Motion carried unanimously.

13. Discussion only regarding usage of James Lee Park facilities (Tennis Court, Skateboard Park) by residents and non-residents:

Item tabled until a later date.

14. Discussion and Possible action to have a Workshop on the upcoming 2010-11 Budget for all Board members and prospective Board members. Meeting time will be one hour before the regular Business meeting on June 16, 2010, starting at 5:00 P.M.:

Chairman Patrick stated he brought this idea up to General Manager Taylor due to his concern that lots of people had questions where District money comes from and where it goes. It would be an open meeting, not just for the Board or prospective Board members. District Auditors Steele and Assoc may be present as well as District Accountant Stacie Hunter.

Public Comment: Brad Rubenstein asked if the meeting would be open to the public. Chairman Patrick replied yes.

Marco Manor commented he thought the workshop was a good idea.

Vice Chairman Pierini motioned to have a Workshop on the upcoming 2010-11 Budget for all Board members and prospective Board members. Meeting time will be one hour before the regular Business meeting on June 16, 2010, starting at 5:00 P.M. Trustee Eisele seconded. Motion Carried unanimously.

15. Discussion and possible action on approval of Draft Minutes for the April 14, 2010 Special Meeting Training Workshop and Regular Business Meeting:

Trustee Humble motioned to accept the Draft Minutes for the April 14, 2010 Special Meeting Training Workshop and Regular Business Meeting. Trustee Eisele seconded. Motion carried unanimously.

16. Chairman and Trustees Reports, Correspondence:

Vice Chairman Pierini reported Board members received two letters, one commending improvements at S. Sunridge Park and that children are involved in activities there and need a restroom. The writer was in favor of restroom. Another letter contained questions

concerning water rates and other items. Vice Chairman Pierini and General Manager Taylor reviewed the letter and most of the concerns have been covered.

17. Adjournment:

Trustee Eisele motioned to adjourn the meeting. Secretary/Treasurer Lynch seconded. Meeting adjourned at 8:40 P.M.

FINAL APPROVED MINUTES AS PRESENTED

**Secretary/Treasurer
Ronny Lynch**