

**Minutes**  
**Indian Hills General Improvement District**  
**District Office**  
**3394 James Lee Park Rd. #A**  
**Carson City, NV 89705**  
**July 12, 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, Administrative Assistant Karen Ziemer

**Others Present:** Attorney Scott Brooke, Engineer Tim Russell, Dave Fournier, Kathryn Clark-Ross, Lisa Garland, Samantha Fagan, Marty Johnson

1. **Call to Order:** Chairman Patrick called the meeting to order at 6:01 P.M.
2. **Pledge of Allegiance:** Led by Chairman Patrick
3. **Approval of Agenda:**

*Trustee Eisele motioned to approve the Agenda. Trustee Humble seconded. Motion carried unanimously.*

4. **Public Interest Comment:**  
Kathryn Clark-Ross commented that Sandi Eisele, District Analyst-Community & H.R. did a great job on the kickoff party. The park was packed with people. A Tug of War, hula hoop contest, and water slide were added to the event. The band was great and the skateboard competition lasted all day. Kathryn stated this was the best kickoff party the District has had.
5. **Discussion and Possible Action to accept the USDA Rural Development Letter of Conditions and to authorize the Board Chairman to sign the Letter of Intent, Request for Obligation of Funds, and other related loan and grant documents:**  
Lisa Garland, Community Programs Specialist from USDA Rural Development reviewed a Letter of Conditions, Project Budget and Request for Obligation of Funds forms necessary to be considered for a loan or grant from USDA Rural Development for arsenic mitigation. The conditions must be met by IHGID no later than December 31, 2010.

**Public Comment:** (none)

*Trustee Humble motioned to accept the USDA Rural Development Letter of Conditions and to authorize the Board Chairman to sign the Letter of Intent, Request for Obligation of Funds, and other related loan and grant documents. Trustee Eisele seconded. Motion carried unanimously.*

6. **Discussion and Possible Action to approve Resolution 2010R-05 authorizing the issuance by Indian Hill General Improvement District of a water revenue interim debenture in anticipation of the receipt of certain funds and the issuance and sale of a water revenue bond by the District; providing the form, terms and conditions of the debenture, the security therefore, the sale thereof and other details in connection therewith:**

Marty Johnson of JNA Consulting explained the Resolution before the Board tonight is to provide for interim financing of the water pipeline project. The ABA198 is a reimbursement program where IHGID would have to spend money in order to get reimbursed. To the extent that the construction costs may be more than the District has available, the interim financing is set up so the District can make the construction draws, get reimbursed by ABA198 and then payoff the interim financing. The USDA loan works the same way. The District will be able to handle the cash flow caused by the construction of not only the District's project but the project that Douglas County is managing that IHGID is participating in. JNS Consulting recommended to the Board a bid from Zions Bank (**Exhibit A**). Zions Bank will lend IHGID the money at a 3.97% fixed rate for the life of the financing. JNS anticipates the USDA part will be paid off in December. The AB198 piece will go for the life of project construction. The District will only be drawing money to make payments. The amount of the interim financing is \$1,500,000. Marty stated he does not believe the District will ever get to that balance in terms of what we draw. The District only pays interest on the amount we have drawn.

*Vice Chairman Pierini motioned to approve Resolution 2010R-05 authorizing the issuance by Indian Hill General Improvement District of a water revenue interim debenture in anticipation of the receipt of certain funds and the issuance and sale of a water revenue bond by the District; providing the form, terms and conditions of the debenture, the security therefore, the sale thereof and other details in connection therewith. Trustee Humble seconded.*  
*Motion carried unanimously.*

Marty Johnson distributed information entitled Indian Hills GID Pipeline Bonds (**Exhibit B**). Marty explained with the federal stimulus package last year, Build America Bonds (BABS) were created where the federal government pays an interest subsidy to the issuer of 35%. Both the State Revolving Fund (SRF) and USDA have indicated they will accept BABS. The way this works is the District would issue bonds on a taxable basis instead of tax exempt which means we pay a higher rate, but in exchange the federal government will pay 35% of the interest payment. The USDA loan would still have a 3.25% interest rate and that is what the payment schedule will be calculated on. When payments are made a form will be filled out for the federal government to pay their portion. This will result in slightly higher transaction costs, but total savings are expected to exceed \$300,000 over the life of the bonds. The District could use the money to build a capital reserve, to prepay some of our debts such as the USDA loan. The District could set a target for capital reserves. When the subsidy monies come in, if the capital reserve fund target amount has been met, the District could start paying off other debts. The District would have flexibility with the subsidy money to do things that will enhance our financial position as a District. JNS is recommending that the District do this. Part of this will require a revised SRF Bond Resolution for approval by the Board at their next meeting. The resolution that was adopted in May, 2010 was just a traditional SRF Loan and will need to be modified to include provisions for BABS. If the Resolution is adopted in August the SRF Loan can be closed in September as a BAB. Then we would accelerate the USDA loan closing to December, 2010 because this program expires at the end of the calendar year. USDA has agreed to close prior to the completion of the project to allow the District to take advantage of the BABS. By doing so the District's cost of the project may be lowered from 3.1% to near 2%. There will be further Board action needed in November or December 2010 to adopt the final USDA loan documents. JNA Consulting recommended the Build America Bonds to the Board of Trustees.

**Public Comment:** (none)

Trustee Eisele disclosed that his daughter-in-law, Sandi Eisele works for the district.

## **7. Reports to the Board:**

Minutes of the July 12, 2010 Board of Trustees Regular Meeting

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

General Manager Jim Taylor reported that the punch list for Valley Vista Park has not been cleared up as of last Friday. The District was supposed to take control of the Park as it was built as of Friday. The punch list should be completed by next month and the District will have full control of the park as it is.

Trustee Eisele asked if there is a 1 year guarantee on Valley Vista Park including plants. General Manager Taylor replied that when the punch list is completed the first phase is over and the District will be done with the 50/50 reimbursement from Douglas County for \$50,000.

Secretary/Treasurer Lynch asked if money has been set aside for a street sweeper. General Manager Jim Taylor replied we may need another street sweeper or one that does a better job. Staff is investigating the need. Jim has tracked down a source of money to use for a new or used sweeper, and yearly payments would be made. Lisa Garland from USDA has given Jim pricing for a used sweeper and a new one at \$65,000.

**Public Comment:** Kathryn Clark-Ross commented she thought the park gazebo was part of Phase 1 and we ran out of money. General Manager Taylor replied that the Gazebo was moved to Phase 2 because Douglas County came up with \$20,000 for the Gazebo alone. Then Douglas County changed the total matching funds to \$60,000. Jim stated there will need to be a new construction contract for Phase 2 since it will cost over \$100,000. Phase 2 can start once the District takes control of the park.

**b. District Analyst-Community & H.R. Report (none)**

**c. District Accountant Report: (Exhibit D)**

**Public Comment:** (none)

**d. Engineer Report**

Engineer Tim Russell reported he has been working on the pipeline and with USDA for plan approval. Tim has been working on the sludge problem at the Wastewater Treatment plant and a means to take care of it. Tim reported there have been preliminary discussions with Bently NV for them to possibly take dewatered sludge to use on their ranches.

Chairman Patrick asked if Tim had been working with Marty Johnson of JNA Consulting regarding bond issuance. Tim Russell replied yes he has.

**Public Comment:** (none)

**e. Attorney Report**

Attorney Scott Brooke stated he has nothing new to report other than what is in staff reports. Vice Chairman Pierini thanked Scott for researching the CC&Rs in the District. Trustee Dianne Humble reported she received an irate call regarding a yard across the street. Dianne asked if the Board could apply to become a Homeowner Association by a vote of the people if it doesn't cost extra. Then we could take Silverado Heights CC&R's to develop for the whole District. Whoever is on the Board then could enforce the CC&R's that are present now. Attorney Scott Brooke prefaced his reply by saying he would need to do research on this. His immediate

brief answer is that no, IHGID is a governmental public entity that has defined public purposes and powers. The District doesn't have powers to act as a Homeowner Association for private purposes and a private entity. Attorney Brooke commented he does not see an opportunity for the Board to take over, nor would he think they would want to. Trustee Humble commented on several repossessed properties that belong to banks that have turned off water to the properties. Trustee Humble suggested that with new 116 Legislation all she can do is recommend to residents that they go to the County. Attorney Brooke responded that the legislation allows Homeowner Associations to take action in these situations. In the absence of these actions or the absence of a Homeowner Association the County has the power on a nuisance basis to pursue and pass an ordinance. This is not in the District's purview but the County can be contacted for action.

Trustee Eisele suggested the District could have a list of contacts to refer people to such as the County Manager's Office or County Code Enforcement.

Secretary/Treasurer Ronny Lynch commented regarding signatures needed tonight. When he voted for the water bond nine months ago, one of the IHGID Board members wrote to the Ethics Commission to say Secretary/Treasurer Lynch shouldn't have voted for that bond because he was a Douglas County employee. The District has heard back from the Ethics Commission that Secretary/Treasurer Lynch has violated nothing as far as being able to vote on that water issue because he is not a Douglas County employee. He is an employee of the Douglas County Mosquito Control which is a General Improvement District. IHGID has letters from Douglas County and the Mosquito Control Board stating he was not an employee of Douglas County. Secretary/Treasurer Lynch asked Attorney Scott Brooke if it was alright for him to sign papers tonight. Attorney Brooke replied yes.

**Public Comment:** (none)

**8. Discussion and possible action to approve Draft Minutes for the June 16, 2010 Special Budget Workshop Meeting and Regular Board Meeting:**

*Vice Chairman Pierini motioned to approve the Minutes for the June 16, 2010 Special Budget Workshop Meeting and Regular Board Meeting. Trustee Eisele seconded. Motion carried unanimously.*

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

Vice Chairman Denise Pierini commented that her neighbor's house burned down last week. The couple is fine and has rented a home temporarily. Denise was impressed by neighbors, people with nursing backgrounds and Douglas County who came to the couple's aid quickly.

**10. Adjournment:**

*Trustee Eisele motioned to adjourn the meeting. Vice Chairman Pierini seconded. Motion carried unanimously. Meeting adjourned at 6:43 P.M.*

**FINAL APPROVED MINUTES AS PRESENTED**

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**Secretary/Treasurer  
Ronny Lynch**