

Minutes
Indian Hills General Improvement District
Public Hearings and Regular Meeting
District Office
3394 James Lee Park Rd. #A
Carson City, NV 89705
October 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, Field Operations Supervisor John Lufrano, Administrative Assistant Karen Ziemer

Others Present: Attorney Scott Brooke, Engineer Tim Russell, Art Baer, Marco Manor, Ron Kruse, Kathryn Clark-Ross, Dale Morlan, Penni Eisele, Gloria Lee

1. Call to Order: Chairman Patrick called the meeting to order at 5:59 P.M. Chairman Patrick stated that he has been advised by counsel that the Public Hearing tonight is strictly for the public to comment. The Board cannot comment on rate increases during the Public Hearing. The Board will be able to comment during the public comment portion of the regular meeting that follows the Public Hearing.

2. Pledge of Allegiance: Led by Chairman Patrick
Trustee Eisele disclosed that his daughter in-law Sandi Eisele works for the District.

3. Approval of Agenda:

Secretary/Treasurer Lynch motioned to approve the agenda. Trustee Eisele seconded. Motion carried unanimously.

4. PUBLIC HEARING

a. Discussion only on the Intent of the Board of Trustees of the Indian Hills General Improvement District, Nevada, to amend the water rate schedule of fees for monthly water service fees based on metered line size for all customers:

Public Comment: Gloria Lee asked if this meant we are going to put more pipes and meters in and people like her with one person will pay less than a residence with four people. Chairman Patrick advised Gloria that the Board could not comment to her at this time.

b. Discussion only on the Intent of the Board of Trustees of the Indian Hills General Improvement District, Nevada, to adopt a new water hydrant meter usage rate schedule for water delivered by the Indian Hills G.I.D.:

Public Comment: (none)

c. Close Public Hearing

Public Hearing closed at 6:04 P.M.

5. Open Regular Meeting of the Board of Trustees:

Regular Board Meeting began at 6:04 P.M.

6. Public Interest Comment:

Kathryn Clark-Ross commented she is so proud and grateful to this Board, the General Manager, the Parks staff and the community who pulled together for the dog park opening. The grand opening event that Sandi Eisele planned for was very professional.

Marco Manor commented regarding a letter he received from the General Manager about posters and banners being placed on District property. Marco suggested the General Manager could have called Marco rather than the General Manager calling his attorney. Marco commented that someone is taking down this campaign posters. He has filed a complaint with the District Attorneys office, and if caught the person will be prosecuted.

Trustee Humble motioned to move Agenda Items 12 and 13 above Item 7. No second to the motion. Motion died.

7. Discussion and possible action to adopt Resolution No. 2010R-08 to amend the water rate schedule of fees for monthly water service fees based on metered line size for all customers:

General Manager Jim Taylor commented this does not affect any residents of the system unless they have a 1 inch service line size. Most residents have a 3/4 inch or 5/8 inch line size. 90% of these have 3/4 inch and their rate will stay the same as the last year or two. We are the only Water District in the State of Nevada that doesn't have a graduated rate for different line sizes. Commercial customers may come in with a 4 or 6 inch line and this places a burden on our system. By putting a rate on the line size we can subsidize the damage a big system may do to our utility. Money will be set aside for pump maintenance.

Trustee Humble commented this was brought before the Board in August and she had requested from the General Manager an accounting of the number of private residences served by a 1 inch line. Trustee Humble never received that information and commented she doesn't know how we can do anything with the proposal tonight until we know how many residents will be affected. Trustee Humble stated this is pertinent information the Board needs to know. Trustee Humble stated she would like to table this until the Board has an accounting of how many 1 inch lines there are.

Secretary/Treasurer Lynch commented that if this is adopted tonight, he would like a notification in the Newsletter to residents that those who have a 3/4" line will not be affected.

Public Comment:

Gloria Lee commented she heard that most everybody has 3/4" lines and 1" lines will be more. Gloria does not get a paper and asked that she be notified of these types of things in her monthly Agenda mailing she receives.

Trustee Humble asked Engineer Tim Russell is it an accurate figure that 95% have 3/4" lines. Are there only 5% that have 1 inch lines? Tim Russell answered without having the exact numbers in front of him he cannot verify that 5% is an accurate record. Tim stated based on most systems this sounds reasonable. Chairman Patrick clarified that the way he reads the proposal is that 95% of the District's customers, which would include everybody on the list, including those with 6" lines. Tim Russell answered yes, that would also include commercial users as well that are larger than 3/4".

General Manager Taylor commented that we have commercial and residential in our books and the 95% is coming from the residential section of the books. We do not put commercial and residential together in terms of the 95%.

Vice Chairman Pierini motioned to adopt Resolution No. 2010R-08 to amend the water rate schedule of fees for monthly water service fees based on metered line size for all customers. Trustee Eisele seconded. Motion carried 4-1, 4 ayes by Chairman Patrick, Vice Chairman Pierini, Secretary/Treasurer Lynch, Trustee Eisele; 1 nay by Trustee Humble

Trustee Humble stated she does not feel it is fiscally responsible for this Board to approve an additional water rate if any of the residents will be affected. Until we have an accounting of exactly how many residents would be experiencing this rate with a 1 inch line, I do not think it is prudent of this Board to approve it and with that, my vote is no.

8. Discussion and possible action to adopt Resolution No. 2010R-09 establishing a new water hydrant meter usage rate schedule for water delivered by the Indian Hills

G.I.D.:

General Manager Jim Taylor explained that in looking over past history, the District has been giving away a lot of water through the Hydrant meters. We have meters now that we hook up to the hydrants to monitor usage. The hydrant use does affect our system. The proposal is to charge accordingly for gallons of usage.

Trustee Humble asked if any of the hydrants are used by residents or are they all used by commercial and construction. General Manager Taylor replied that would be a lot of water to be used by a resident and would only be used for residents if they wanted to pay for it.

Secretary/Treasurer Lynch clarified that the connect/disconnect fee would be \$150.00 which equates to \$75.00 to connect and \$75.00 to disconnect a meter.

Vice Chairman Pierini asked what size pipe hooks up to a water hydrant. Engineer Tim Russell replied there are two sizes, a 2 ½ inch and a 4 inch typically.

General Manager Taylor reported that the fire department is not charged when they hookup to a hydrant. The whole idea of a public water system with fire hydrants in the system is to help prevent damage to homes. The Fire Department is well aware of all of the fire hydrants in our system and once in a while they come by to monitor, flush and record fire hydrant usage.

Vice Chairman Pierini motioned to adopt Resolution No. 2010R-09 establishing a new water hydrant meter usage rate schedule for water delivered by the Indian Hills G.I.D. Secretary/Treasurer Lynch Seconded. Motion carried unanimously.

9. Reports to the Board:

a. General Manager Report (Exhibit A)

General Manager Jim Taylor reviewed his report with the Board.

Trustee Humble asked if sandbags placed at storm drains could help with keeping the storm drains clear. Trustee Humble asked if two more pallets of grass were coming for the Dog Park. General Manager Taylor explained that the sod that was put down was placed in the location that Landscape Architect Sandra Wendell had drawn in the landscape plan for the Dog Park. General Manager Taylor will look into the status of more sod for the Dog Park.

Trustee Eisele noted that if the airlift system at the wastewater plant needs to be replaced, the General Manager can bring costs to the Board to discuss even though it is not budgeted.

Chairman Patrick commented that two residents told him they have bad water pressure at the top of Haystack. Chairman Patrick wondered if there could be a clogged pipe there and asked General Manager Jim Taylor if Water Operations Supervisor Dave Wright could investigate the situation.

Public comment: (none)

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

General Manager Taylor reviewed the H.R. Report with the Board.

Public Comment: (none)

c. District Accountant Report (Exhibit C)

General Manager Taylor reviewed the Accountant Report with the Board.

Trustee Humble asked why the Parks budget was up 22%. General Manager Taylor responded that he will check to see if anything was purchased for Parks and get back to Trustee Humble.

Public Comment: (none)

d. Engineer Report

Engineer Tim Russell reported that during the last month he as coordinated with General Manager Jim Taylor, Attorney Scott Brooke and USDA getting the pipeline design completed and getting various permits. Permits with NDOT and Douglas County are still needed. Once the permits are in place USDA can signoff and we can move forward to project bid. Tim has been working at the District with General Manager Taylor on water, sewer and streets. Tim reported on the activity seen on the Sunridge property on the north side of the Silver City RV Park. Sunridge Corporation has obtained a grading only permit to grade the entire parcel to bring it out of the FEMA Floodplain. This makes the property more developable and adds value to property.

Public Comment: Kathryn Clark-Ross asked if we will have water by April of 2011. Tim Russell replied that is the goal. We have an administrative order from the State Bureau of Health to have water flowing from Minden and Douglas County into the District by April, 2011.

e. Attorney Report

Attorney Scott Brooke reported he has been working with Engineer Tim Russell and General Manager Jim Taylor on USDA loan documents. Scott reported on the subject of a memo he wrote to the Board regarding a notice of complaint filed by Mr. Baer, a member of the public, with the Attorney General's Office regarding compensation of the Board in 2007. Scott is investigating and reviewing the complaint and will prepare a summary memorandum to the Board. The District hasn't been contacted with the complaint but it is public, and Scott will move forward with it.

Public Comment: (none)

10. Discussion and possible action to adopt a Sidewalk Obstruction Policy 2010P-02 to mitigate the number of sidewalk obstructions throughout the IHGID by clearing vegetation and attempting to abate vehicle owners from parking on the sidewalk:

General Manager Taylor explained that this has been an issue for a long time. A letter was developed and sent to residents to tell them they are blocking the sidewalk with a shrub, tree or vehicle. Staff determined that a letter is not enough and a policy should be developed. Attorney Scott Brooke has helped with the proposed policy. Gardnerville Ranchos General Improvement District (GRGID) has an excellent three page policy whereas ours will be 1 page. Staff used part of GRGID's policy and used updated NRS to develop the policy.

Vice Chairman Pierini asked for clarification of the minimum clearance of 4' wide x 7' high. General Manager Taylor responded that it is 4' from the curb crack over the sidewalk to the fence.

Trustee Dianne Humble commented the policy was well prepared. However many people are unemployed without much money. Trustee Humble noted that the wording of parking on any part of the sidewalk may pose problems as there are places in Sunridge where it is hard to tell if you are parking on a curb or sidewalk. A \$100.00 fine poses a problem and the whole policy sounds tough. General Manager Taylor commented he and Staff are very lenient. Staff sent out 39 notices and 30 have complied with our requests. Out of the 39 notices, 5 of them were just sent out this week. Trustee Humble commented she doesn't see a problem if a kind letter is sent.

Public Comment: Gloria Lee commented she is very happy with the success rate and since only 4 did not comply, she wonders if it would be sufficient if they were just contacted again. General Manager Taylor commented we do send another registered letter. Gloria responded she is thinking of less rules and more personal contact.

Field Operations Manager John Lufrano explained the reason staff is trying to adopt a policy is that one resident has been very obstinate and has been a problem. John has tried to nicely speak with the residents and has no recourse now. With the program started last year, there have been residents who have called the District to say they cannot afford to have someone come out and do the work for them and have asked if there is some type of assistance. John himself has gone out to take a tree down and drove off, it is that simple. We are trying to work with the residents and the residents are definitely working with the District. What started the program was John seeing a blind person with a Seeing Eye dog having to walk out in the street because of a shrub. The dog didn't want to allow the blind person to walk in the street. John then realized we had a liability and started the program. John commented he doubts we will have to go to abate someone.

Gloria Lee commented she lives on Vista Grande near the fire station. There is no place to park except on the sidewalk, so people have parked on the sidewalk.

Vice Chairman Pierini motioned to adopt a Sidewalk Obstruction Policy 2010P-02 to mitigate the number of sidewalk obstructions throughout the IHGID by clearing vegetation and attempting to abate vehicle owners from parking on the sidewalk. Trustee Eisele seconded. Motion carried unanimously.

11. Discussion and possible action to adopt a Water Rights Dedication Policy 2010P-03 to require properties outside the District boundary to dedicate water rights to the District in an amount equivalent to the estimated use as verified by the District:

Engineer Tim Russell explained this policy is for those areas that are currently outside of the District. If they wanted to come in and connect to the system, they would be bringing water rights to the District so that we are not taking away from the water rights we are maintaining for those in the District. An example of this would be the Hotshots facility that the BLM Forest Service is working on that we will probably see in the next 6 months. They are not currently in the District. By this policy they would be required to bring water rights to the District to cover that facility. We are trying to protect against say the Sunridge Casino that is being graded now. If Sunridge Casino comes in and needs a certain amount of water rights, we are obligated already to cover their water rights. They are not going to bring water rights. If Sunridge Casino takes the remaining balance, we need a way to allow for and require people to bring water rights if they are connecting outside the District. This will make sure the District is not caught in a jam.

Trustee Humble asked how this policy is different than the policy we already have. Tim Russell replied he does not believe the District has a water rights policy. Trustee Humble stated that yes there is a policy. However, the policy we have had in the past does not give the option of "either" as in the proposed policy. They must give up their water rights. It is not an amount equivalent, it is all of them. Trustee Humble commented she has been questioned regarding annexing in the Ridgeview area which is Douglas County territory. That needs to be addressed because if someone wants to annex into the District, they should be required to annex into the District rather than they can "either annex the property into the District or enter into a water service contract". Trustee Humble highly disagreed with that phrase, because once they annex into the District the ad valorem taxes become ours. If they have a choice just to take the service, then what benefit is it to us to give them water and sewer service. At one point we have to charge them to hook up. Then we have to provide them the service and what benefit do we get back. We need the ad valorem tax when they annex into the District. Trustee Humble stated instead of adopting the policy now, she'd like to see some forward movement to get the County to give Ridgeview to the District so we can improve on Ridgeview. We could get them to bring the street up to code and then the District can annex all of the people in Ridgeview. One particular lady asking questions was a resident in Ridgeview. Trustee Humble did not know if we can fiscally do one person in Ridgeview like we did one person on Shawnee Court. There is some wording in the proposed policy she'd like to see changed before the Board adopts it. They must annex into the District so we can have the ad valorem tax and not that it is the amount equivalent but that they turn their water rights over to us, which has been the policy in the past.

Attorney Scott Brooke responded he provided the language in the policy requiring the property owner to either annex the property into the District or provide service by contract. Scott noted that this policy is just about what needs to be done when the Board makes a decision, which is a separate issue as to whether to annex the property or not, or whether to provide a service under contract or not. That decision is not in this policy. He added the verbiage because the Board has two options. Most recently Clear Creek looked for service. In the future they would perhaps have service by contract because they are not contiguous to the District and weren't going to annex to the District, which was not in their proposal. It is up to the District to allow or require annexation or not in the future. That language is there simply to take into account two possibilities of service you may have. In terms of the water right dedication, someone may have very little water rights to be annexed or they may have a lot of water rights. The only water rights it is reasonable for the District to require is the water rights that could be used on that property and so the policy says that, depending upon the zoning or potential use. Most properties don't have what we require and the policy assumes that people will be purchasing water rights to satisfy the policy. The purchase would probably be from the Town of Minden and transporting them in the new pipeline

because there are very few water rights that are readily available in this area or that would be acceptable by the District.

Trustee Humble commented she understands, but disagrees with the policy wording. She feels they should definitely annex in so that the District has some benefit other than just providing water.

Attorney Brooke commented that the District has a separate annexation policy that allows the Board to make a decision on a request to annex. He is not aware of any existing water rights dedication policy.

Public Comment:

Art Baer commented most of the people asking for water were in the vicinity of Indian Hills especially across Jacks Valley Road because their wells were going dry. When Art was on the Board the policy was they had to annex into the District, otherwise we wouldn't serve them water. The reason was that a single family residence comes with an acre foot of water. A piece of paper says they can use that amount of water on that property. When they annexed in, the District got the water right along with the annexation. As a separate issue, most of them didn't want to annex into the District because they would have to pay their ad valorem taxes to the District on top of the taxes they pay to the county. Ridgeview was a unique situation. It is a very poor community surrounded by the District. If we asked Ridgeview to annex into us with what they are presently paying in taxes, we would probably bankrupt 90% of them. There was a special agreement between IHGID and Douglas County that we would supply Ridgeview water without annexation. This is the only exception that Art knows about. Sunridge Golf Course was originally part of IHGID. They paid us ad valorem taxes. Douglas County took the golf course away from us when they made it part of the redevelopment area. The District doesn't get taxes from the golf course now.

Secretary/Treasurer Lynch motioned to adopt the Water Rights Dedication Policy 2010P-03.

Trustee Eisele seconded. Motion carried 4-1, 4 ayes by Chairman Patrick, Vice Chairman Pierini, Secretary/Treasurer Lynch, Trustee Eisele; 1 nay by Trustee Humble

12. Discussion and possible action to extend General Manager Jim Taylor's employment contract for a one year period from November 5, 2010 to November 6, 2011:

General Manager Jim Taylor stated he would like to work another year and be able to see the pipeline water flow. He would like to be the one to turn the water on. Jim reviewed his memo to the Board regarding contract terms. **(Exhibit D).**

Trustee Humble commented that when she sat in the Board Chairman position, she provided every Board member a form to evaluate the General Manager with. The Board had spent \$4,000.00 to come up with the evaluation form. Trustee Humble also provided the old evaluation form that she was familiar with which was not as detailed as the new form. The response she got from the Board was a stonewall. At that time Trustee Patrick refused to fill the form out and Trustee Lynch said he didn't understand what he was supposed to do with the papers. Trustee Humble stated that here we are again trying to extend a contract without a review of the position. With every position she has held, before a contract was renewed or a raise was given, there was a review given. In the Board's requirements, we are supposed to review the General Manager. There is no review being spoken of here. Regardless of how much she thinks the General Manager is doing a good job, it is not prudent as a Board to extend the General Manager's contract without the review process that should have been brought before the Board.

Public Comment: (none)

Trustee Eisele motioned to extend General Manager Jim Taylor's employment contract for a one year period from November 5, 2010 to November 6, 2011. Vice Chairman Pierini seconded. Motion carried 4-1, 4 ayes by Chairman Patrick, Vice Chairman Pierini, Secretary/Treasurer Lynch, Trustee Eisele; 1 nay by Trustee Humble

13. Discussion only regarding the procedure to place Agenda items on a Board Meeting Agenda:

General Manager Jim Taylor stated he has been asked by Board members to put agenda items on an agenda. Jim commented that this is not the process, that he does not make judgment calls for the Board members. There is a policy and a form that Board members approved years ago. Board members may fill out the form and provide backup materials for the agenda item. The General Managers job is to review the agenda item and to make sure he has all the documentation he needs to present the agenda item. It is not his position to take a phone call from a Board member and make an Agenda item.

Chairman Patrick commented that Article 3 in the By-Laws of IHGID Section 2, Item B states the General Manager and Secretary shall prepare the agenda for use by the presiding officer at Board meetings. The General Manager may pull an item on the Agenda due to the lack of research and backup and must bring it back to the Board at the next Board meeting. The By-Laws were amended December 16, 2009. Attorney Scott Brooke noted he thinks there is a policy on agenda items. The policy states that any Board member or resident of the District can request an agenda item.

Public Comment: (none)

14. Discussion and possible action to approve Draft Minutes for the September 15, 2010 Board Meeting:

Secretary/Treasurer Lynch motioned to accept the Draft Minutes for the September 15, 2010 Board Meeting as written. Vice Chairman Pierini seconded. Motion carried unanimously.

15. Chairman and Trustees Reports, Correspondence:

16. Adjournment:

*Trustee Eisele motioned to adjourn the meeting. Secretary/Treasurer Lynch seconded. Motion carried unanimously.
Meeting Adjourned at 7:34 P.M.*

FINAL APPROVED MINUTES AS PRESENTED

**Secretary/Treasurer
Ronny Lynch**