

Minutes
Indian Hills General Improvement District
District Office
3394 James Lee Park Rd. #A
Carson City, NV 89705
December 20, 2006
7:00 P.M.

Trustees Present: Chairman Charles Swanson, Vice Chairman Riley Evans, Secretary/Treasurer Laura Lau, Trustee Brian Patrick, Trustee Art Baer

Trustees Absent: (none)

Staff Present: General Manager Dennis Longhofer, Executive Assistant Vicki Reifer, District's Attorney Jennifer Yturbide

Others Present: Denise Pierini, Kathryn Clark-Ross, Penni Eisele, Bill Eisele, Ron Lynch, Ron Kruse, Virgil Gentner, John Albrecht, Jim Murphy, Pat Murphy, Mark Stolle, Mark Chandler, Kathy Austin, Adel Lansing, Judy Larquier

1. **Call to Order:** Chairman Swanson called the meeting to order at 7:00 P.M.
2. **Pledge of Allegiance:** Led by Chairman Swanson.
3. **Approval of Agenda:** Chairman Swanson asked the Board of Trustees, General Manager and members of the public if they requested any agenda revisions. There were no requested changes to the agenda.

Vice Chairman Evans moved to approve the agenda as presented. Seconded by Trustee Patrick. Motion carried unanimously.

4. **Public Interest Comment:** General Manager Longhofer informed the Board of Trustees that resident Dianne Humble submitted a letter regarding the hiring procedure of the General Manager and that she requested that the letter be read into the record. (Exhibit B) Chairman Swanson stated that resident Dianne Humble's letter will be included in the record. Executive Assistant Vicki Reifer asked Chairman Swanson if she should read the letter from Dianne Humble into the record. Chairman Swanson asked the District's Attorney Jennifer Yturbide if Dianne Humble's letter needs to be read into the record. Attorney Yturbide responded that Chairman Swanson can refer to the letter and incorporate into the record. Chairman Swanson referred to the letter from Dianne Humble and incorporated the letter into the record. He stated that Dianne Humble is concerned about the District's hiring practices and that she asked that the hiring of the General Manager position be reopened.
5. **Winners of the Holiday Lighting and Decoration Contest:** Vice Chairman Evans presented a check to each of the following winners.
 - Third Place - \$100.00 Lansing, Adel (821 Plymouth)
 - Second Place - \$150.00 Austin, Kathy (933 Lehigh)
 - First Place - \$200.00 Chandler, Mark (3539 Silverado)

6. **Public Hearing on the Intent of the Board of Trustees of the Indian Hills General Improvement District, to issue General Obligation (Limited Tax) water and sewer bonds:** General Manager Longhofer explained that a public hearing was required in order for members of the public to comment on the District's intent to issue \$2,000,000 water and sewer bonds. General Manager Longhofer discussed various upcoming District water and sewer infrastructure improvements which include the Hobo lift station replacement, arsenic removal, sludge de-watering system, emergency power for Brown's well and emergency power for the wastewater treatment plant. He stated that the District does not have to use the entire \$2,000,000 bond amount. General Manager Longhofer clarified that the District would only use bond money to cover expenses related to a specific water and sewer capital improvement project or State of Nevada mandated improvement project. Chairman Swanson inquired on the payment period. General Manager Longhofer responded that the payment period is twenty years.

Public Interest Comment: (none)

No action required.

7. **Discussion and possible action to accept the draft Audit Report for Fiscal Year 2005-2006:** Janis Reams from Barnard, Vogler & Company introduced herself to the Board of Trustees as the "Engagement Director" for the District's fiscal year 2005 – 2006 audit. Chairman Swanson suggested that Janis Reams explain to members of the public the reasons for the audit such as the requirements of the audit; why the District has to do an audit; what the auditors evaluate; and, what are the results of an audit. Janis Reams explained that an annual audit is required per the State of Nevada Revised Statutes. Janis Reams informed the Board of Trustees that the "Independent Auditors' Report on page 1 and page 2 is a non qualified report which means that it is a clean opinion and that the "Management's Discussion and Analysis" on pages 3 through 7 is prepared by District management. She clarified that there are certain requirements of what needs to be in the "Management's Discussion and Analysis" and that the figures in that report are condensed numbers. She asked if there were any questions on those figures. She mentioned that the statements presented are required by accepted accounting principles.

Trustee Patrick understood that the District has not been dealing with depreciation. Janis Reams stated that depreciation has always been recorded on the District's books and that it has to be otherwise, the District would have an unqualified opinion. She stated that depreciation has been an issue with setting water and sewer rates. She explained that water and sewer fixed assets are set up on the balance sheet and that they do not hit the fund balance. She clarified that depreciation is taken annually. She explained that depreciation is an estimate of when an item would need to be replaced and that pages 8 and 9 in the audit report combines all of governmental activities and brings in full accrual where fixed assets over \$1,000 are brought in and depreciated. She stated that pages 10 through 13 show the governmental funds at modified pro basis with no fixed assets. She stated that the 2005-2006 fiscal year audit went smoother than the previous audit and that the District had no budget violations.

Public Interest Comment: (none)

Vice Chairman Evans moved to accept the draft Audit Report for Fiscal Year 2005-2006 as the final audit report. Seconded by Trustee Patrick. Motion carried unanimously.

8. **Public Hearing on the proposed action to approve annexation of APN 1420-07-210-009 into the District, as requested by the owner of the parcel, Virgil Gentner, and approval for the District to provide water service to that parcel:** Property owner Virgil Gentner of 810 Pawnee and Contractor John Albrecht from Fortress Construction were present at the meeting to answer questions from members of the Board and the community regarding the annexation of 810 Pawnee into the District's boundary and the single family residential development on parcel 1420-07-210-009.

Chairman Swanson inquired on the location of the parcel and how its location relates to the rest of the District's boundary. Property owner Virgil Gentner responded that the parcel is located off of Jacks Valley Road in the Valley View subdivision. The Board of Trustees referred to the vicinity map included in the Board meeting packet which showed the location of the parcel. Chairman Swanson asked General Manager Longhofer the proximity of the District's current boundary to the 810 Pawnee parcel. General Manager Longhofer informed Chairman Swanson that the District's boundary is close to 810 Pawnee and that there is a 10" water line located on the street. Chairman Swanson asked if the parcel is contiguous to the boundary of the District. General Manager Longhofer determined that the parcel is not-contiguous to the boundary of the District. The Board of Trustees and General Manager discussed a recent Board approved annexation of 3501 Green Acre.

Secretary/Treasurer Lau asked if any parcels on Shawnee were included in the District's boundary. Executive Assistant Vicki Reifer informed Secretary/Treasurer Lau that the Board approved annexation of a property on Shawnee in 2002. Secretary/Treasurer Lau questioned if the annexed parcel on Shawnee was located on the corner of Pawnee and Shawnee. General Manager Longhofer informed Secretary/Treasurer Lau that he would research the matter in order to obtain the address of the previously approved annexed parcel on Shawnee. General Manager Longhofer informed the Board of Trustees that the District's Engineer Brian Randall provided written comments regarding the 810 Pawnee annexation request. (Exhibit D) He read a section from Engineer Randall's comments. General Manager Longhofer stated, "There are currently a total of four approved residential services directly from the Pawnee line, one of which was recently approved by IHGID to a new parcel located immediately south of 810 Pawnee."

Chairman Swanson inquired if a house currently existed on 810 Pawnee. Property owner Virgil Gentner informed Chairman Swanson that no home exists on 810 Pawnee but a single family home will be built on the parcel. Chairman Swanson clarified to the Board and members of the community that the property owner is responsible for paying connection fees and the construction of bringing water to the property. General Manager Longhofer read a section from Engineer Randall's comments regarding the 810 Pawnee annexation request. (Exhibit D) General Manager Longhofer stated "From an Engineering standpoint, I (Engineer Randall) find no reason not to allow the requested connection for a single family water service, with the condition that the connection be installed in conformance with the IHGID standards and procedures for a residential water service."

Public Interest Comment: Judy Larquier property owner of 795 Pawnee read a letter on behalf of resident Linda Hiller and Jeff Hiller property owners of 3530 Green Acre in regards to the request for annexation of 810 Pawnee. (Exhibit C). Linda Hiller and Jeff Hiller state in their letter a concern that floodgates would be open for the rest of property owners near 810 Pawnee to connect to a water or sewer system if 810 Pawnee is approved to be annexed and then allowed to connect to the District's water system. They are concerned with a possible great expense in the future because of their wells failing from the constant tapping into the aquifer. Linda Hiller and Jeff Hiller state in their letter that

Jacks Valley is especially vulnerable to that potential scenario and that they did not support Douglas County's redevelopment agency which labeled their area as "urban blighted." Linda Hiller and Jeff Hiller questioned in their letter if the annexation was a done deal and if the public hearing was just a formality.

Judy Larquier is concerned that their area would be required to connect to any water or sewer system in the future. She does not want to be forced to connect to any water and sewer system such as areas in Carson City in which property owners were forced to connect. She received no notification of the request for annexation of 810 Pawnee. Trustee Patrick responded to Judy Larquier's concerns. He stated that the District is not forcing any property owner to connect or annex into the District and that property owner of 810 Pawnee Mr. Virgil Gentner requested to be annexed into the District. Trustee Patrick informed Judy Larquier that there is no intent for the District to ask any property owner near Jacks Valley Road to annex into the District. He mentioned that the water to serve 810 Pawnee comes from a well in the District and not the Jacks Valley aquifer. He stated that property owners might be more concerned if 810 Pawnee was pumping water from a well. Judy Larquier informed the Board of Trustees that there are well issues in the Jacks Valley area. General Manager Longhofer explained that water pumped to properties in the Jacks Valley Area comes from the District's Browns well and that the District takes no water from the Jacks Valley area. He mentioned that Carson City required that property owners abandon their septic tanks and connect to the City's sewer system because of high nitrate levels.

Judy Larquier discussed attendance at several Douglas County Redevelopment Agency meetings where concerned Jacks Valley residents opposed that their property be included in Douglas County's redevelopment area. Chairman Swanson commented that Judy Larquier's concern is that wells in the area might be pumped down and then property owners would be forced to connect to a water system. Judy Larquier commented on high connection costs in relation to the lack of grants and loans for those property owners not included in Douglas County's redevelopment area.

Vice Chairman Evans and Judy Larquier discussed high density areas which are on septic systems possibly having an increase of nitrate levels in well water.

Trustee Baer informed Judy Larquier that a property owner must request annexation to have their land included within the boundaries of the District in order for the District to provide water and sewer service to a property. Judy Larquier commented on the trend that other properties in the area have previously annexed into the District in order to obtain service from the District.

Mark Stolle inquired if there was any fire hydrant installation provision in the area near 810 Pawnee. He stated that a few years ago about five residents on Cherokee were interested in installing at least two fire hydrants but it was cheaper to drill a deeper well rather than to install a water line on Cherokee for installation of fire hydrants. General Manager Longhofer informed Mark Stolle that Douglas County Fire Department would establish the requirement for fire hydrants. There was further discussion on the County's requirement for fire hydrant provisions for a residential development.

Chairman Swanson closed the public interest comment period.

Contractor John Albrecht from Fortress Construction commented on their process of requesting that the property on 810 Pawnee be annexed into the District. He mentioned that drilling a well was a consideration as well as possibly connecting to Sierra Estates General Improvement District's water system but there were water pressure issues.

Trustee Baer inquired if property owner Virgil Gentner has been through the County's building permit process. Contractor John Albrecht from Fortress Construction responded that they are in plan check and there was no reference of a fire hydrant provision. He mentioned that the building plans have not been reviewed by the County's Fire Department. Vice Chairman Evans and Trustee Baer commented on the possibility that the parcel is included in the County's redevelopment area.

Secretary/Treasurer Lau questioned if Sierra Estates General Improvement District denied providing water service to 810 Pawnee due to low flow. Contractor John Albrecht from Fortress Construction commented that he was informed by Sierra Estates G.I.D. that they would not be able to provide the required flow to the property.

Vice Chairman Evans moved to approve annexation of APN 1420-07-210-009 into the District, as requested by the owner of the parcel, Virgil Gentner, and to approve that the District provide water service only to that parcel at no cost to the District. Seconded by Trustee Baer. Motion carried unanimously.

9. Reports to the Board:

a. General Manager's Report (Exhibit A)

General Manager Dennis Longhofer discussed items as written in the General Manager's Report. He commented on additional items. He informed the Board of Trustees that the District's objective is to accomplish time line items in the District's Storm Water Management Plan and that the District should consider approval of a monthly storm water program fee. He mentioned that other local government entities charge a monthly storm water program fee. Executive Assistant Vicki Reifer recalled that Carson City charges approximately \$1.50 to \$2.00 per month for implementation of its storm water program. General Manager Longhofer met with the State of Nevada Recreation Trails Program personnel regarding a 90% grant 10% matching to complete a trail from James Lee Park to Vista Park including a parking lot area. The District has not accepted Valley Vista Phase 7 from Syncon Homes due to issues regarding stabilization and re-vegetation of the hillside. Engineer Randall is working with Capital Engineering in order for the District to obtain an easement needed to complete the trail from James Lee Park to Vista Park. Secretary/Treasurer Lau and General Manager Longhofer were accepted into the Leadership Douglas County 2007 Program. The District might possibly receive \$170,000 for its share of profits for being a member of the insurance pool for several years.

Chairman Swanson recommended to General Manager Longhofer that the District be cautious about its boundary's regarding the District's responsibilities with its Storm Water Management Program and that the District should not go beyond its capabilities.

Public Interest Comment: (none)

b. Engineer's Report

The District's Engineer Brian Randall was not able to attend the meeting. General Manager Longhofer provided information to the Board on current engineering issues in regards to the progress of obtaining emergency back up power. He discussed various options the District is considering per the advice

from Dinter Electrical Engineering. He mentioned that the District could possibly save on costs if the District used one generator to provide power to both the replacement lift station and the water treatment plant. Emergency power generator plans should be provided to the Board in January 2007 or February 2007. Chairman Swanson suggested that the District continue with its 5-Year Street Maintenance Road Program.

Public Interest Comment: (none)

c. Attorney's Report

The District's Attorney Jennifer Yturbide offered to conduct an orientation for the new Board of Trustees. She suggested that an orientation session be conducted in conjunction with the open meeting law training session scheduled for the February 21, 2007 Board of Trustees meeting. The Board of Trustees will be provided with a "Trustee Orientation Manual" at the January 17, 2007 Board of Trustees meeting. Attorney Yturbide reminded the current Board members to submit the Nevada Disclosure Statement Form by January 15, 2007 to the Secretary of State Elections Division. Attorney Yturbide informed the Board of Trustees that Attorney Scott Brooke provided a response letter to Ed Mason's Attorney Henry R. Butler that the District will not reduce its connection fees for the Morgan Meadows subdivision.

Public Interest Comment: (none)

- 10. Discussion and possible action to approve an increase in the monthly pay provided to Trustees for serving on the Board of Trustees of the District:** General Manager Longhofer informed the Board of Trustees the Nevada Revised Statutes was modified regarding the compensation for Board members. He referred to NRS.318.085 which indicates that each Board member must receive the same amount of compensation and that each Board member may receive not more than \$9,000 per year. General Manager Longhofer stated that District Board members are paid less than other Board members in the area and the District has more responsibilities as compared to other General Improvement Districts. He referred to the Trustee salary comparisons which were included in the Board meeting packet. General Manager Longhofer informed the Board of Trustees that Gardnerville Ranchos General Improvement District will increase its Trustee salaries to \$500 per month effective January 1, 2007. He discussed a section in NRS 318.085 which states, "if a majority of the members of the board vote in favor of an increase in the compensation of the trustees, the increase may not become effective until January 1 of the calendar year immediately following the next biennial election of the District as set forth in NRS 318.095." The Board of Trustees and General Manager discussed the issue of the effective date of a salary increase for the Board of Trustees.

Chairman Swanson suggested that the Board approve an increase subject to final legal review of the effective date of the revised salary.

Public Interest Comment: Former Chairman of the Board Steve Weaver stated that the Board does not get paid enough for all the headaches and time commitment and that all Board members deserve a raise.

Trustee Baer moved to approve a salary of \$200 for the monthly pay provided to Trustees for serving on the Board of Trustees of the District. Motion died due to lack of a second.

Secretary/Treasurer Lau moved to approve a salary of \$350 for the monthly pay provided to Trustees for serving on the Board of Trustees of the District. Seconded by Trustee Patrick. Chairman Swanson voted aye. Vice Chairman Evans voted aye. Secretary/Treasurer Lau voted aye. Trustee Patrick voted aye. Trustee Baer voted nay. Motion carried 4 to 1.

11. Approval of Draft Minutes of Board Meeting of November 8, 2006:

Public Interest Comment: (none)

Trustee Patrick moved to approve the Draft Minutes of Board Meeting of November 8, 2006 as presented. Seconded by Vice Chairman Evans. Vice Chairman Evans voted aye. Secretary/Treasurer Lau voted aye. Trustee Baer voted aye. Trustee Patrick voted aye. Chairman Swanson abstained. Motion carried 4-0.

- 12. Acceptance of Budget Status Reports for November 30, 2006:** Trustee Baer questioned the salaries in the General Fund in regards to salaries being distributed in both the Enterprise Fund and General Fund. General Manager Longhofer explained that salaries are distributed because of the budget format. Trustee Patrick suggested that Professional Services in both the General Fund and Enterprise Fund are extended out to show more detail on where funds are expended such as payments to the District's Attorney and District's Engineer. Trustee Baer questioned salary figures for overtime, salary contingency and payroll benefits in regards to salary figures possibly being over budget. The Board of Trustees and General Manager discussed budget preparation, process and execution.

Public Interest Comment: Ron Lynch commented that a budget is a ball park figure. He suggested that the Board review the total budgeted amount. He discussed the budget augmentation process if an item goes over budget.

Secretary/Treasurer Lau moved to accept the Budget Status Reports for November 30, 2006 as presented. Seconded by Vice Chairman Evans. Motion carried unanimously.

13. Acceptance of Bank Accounts' Reconciliation at November 30, 2006:

Public Interest Comment: (none)

Vice Chairman Evans moved to accept the Bank Accounts' Reconciliation at November 30, 2006 as presented. Seconded by Trustee Patrick. Motion carried unanimously.

- 14. Chairman and Trustees' Reports:** Trustee Baer questioned the General Manager's cost of living increase which was not approved by the Board of Trustees. General Manager Longhofer responded that according to the General Manager's employment agreement, the General Manager receives the same benefits as all other District employees and that a cost of living increase is an employee benefit as indicated in the District's Personnel Policy. General Manager Longhofer contacted Chairman Swanson on the matter at that time when employees were receiving their annual increases and Chairman Swanson agreed with General Manager Longhofer that he receives the same employee benefit package. Trustee Baer stated that the cost of living increase never was considered or approved by the Board. Vice Chairman Evans recalled that an employee on probation is not entitled to a salary increase for the first year. Vice Chairman Evans stated that he is in favor of a cost of living increase and that other salary increases occur at an employee's evaluation time. Trustee Baer did not know that the General Manager's cost of living increase was discussed with the Chairman of the Board.

Secretary/Treasurer Lau questioned if the General Manager was doing evaluations for all District employees. General Manager Longhofer informed Secretary/Treasurer Lau that he evaluates Supervisors and Managers and other employees that do not have a Manager or Supervisor. He mentioned that District employees are evaluated once a year.

Chairman Swanson enjoyed his six years as a member of the Board and recommended that the District's goals and objectives are reviewed annually.

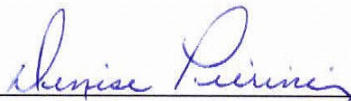
Executive Assistant Vicki Reifer presented departing Board members Chairman Swanson, Vice Chairman Evans and Trustee Baer with a gift in appreciation for their time and dedicated service as a member of the Board of Trustees.

- 15. Adjournment:** *Vice Chairman Evans entertained a motion to adjourn the meeting at 8:27 P.M. Seconded by Trustee Baer. Motion carried unanimously.*

The next regular Board of Trustees meeting will be on Wednesday, January 17, 2007 at 7:00 P.M.

- Exhibit A General Manager's Report*
Exhibit B Dianne Humble, Public Comment- "Hiring Procedure of General Manager not followed"
Exhibit C Linda and Jeff Hiller, Public Comment- "Hook up requirement for properties near Pawnee Annexation"
Exhibit D District's Engineer Brian Randall comments to the Board regarding 810 Pawnee Annexation 1420-07-210-009
Exhibit E District's Attorney Scott Brooke response letter to Ed Mason's Attorney Henry R. Butler regarding no reduction of connection fees for the Morgan Meadows subdivision

FINAL APPROVED MINUTES AS PRESENTED



**Secretary/Treasurer
Denise Pierini**