

Minutes
Indian Hills General Improvement District
District Office
3394 James Lee Park Rd. #A
Carson City, NV 89705
June 21, 2006
7:00 P.M.

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

Trustees Absent: (none)

Staff Present: Executive Assistant Vicki Reifer, Administrative Operations Manager Nancy Fredrickson, District's Attorney Scott Brooke, District's Engineer Brian Randall

Others Present: Ron Lynch, Bill Eisele, Pat Murphy, Jim Murphy, Pat Baer

1. **Call to Order:** Chairman Swanson called the meeting to order at 7:00 P.M.
2. **Pledge of Allegiance:** Led by Trustee Baer.
3. **Approval of Agenda:** Trustee Patrick moved to enter into an executive session to discuss the disposition of an employee. Attorney Brooke stated that in order to make that motion, an executive session would need to be agendized and that there is a five day minimum meeting notice requirement for that purpose. Chairman Swanson informed the Board of Trustees that the earliest opportunity to conduct a special meeting would be on Thursday, June 29, 2006. Attorney Brooke clarified that the opportunity for Board discussion would occur at a public meeting or in the event of litigation or threat of litigation in private with the District's Attorney.

Public Interest Comment: (none)

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

4. **Public Interest Comment:** Ron Lynch discussed the absence of General Manager Longhofer at a scheduled meeting at 10:00 A.M on June 21, 2006. He mentioned that Trustee Baer and Vice Chairman Evans were available at the time to discuss his various concerns and issues. He stated that hopefully the District will do something about his concerns otherwise; he will request an agenda item for formal discussion at a future meeting. Ron Lynch discussed the \$140,000 received by the District from Douglas County for Vista Grande roadway improvements that was deposited into the General Fund. He was concerned that the District might not know for certain what the \$140,000 was spent on. Ron Lynch was informed by Trustee Baer at the 10:00 A.M. scheduled meeting that the \$140,000 could be accounted for. He discussed the \$270,144 received by the District in June 2004 from John Serpa (DGD Development) for hook up fees (Valley Vista, Phase 7). Ron Lynch questioned if the \$270,144 was again deposited into the General Fund. Ron Lynch discussed the previous General Manager's offer to John Serpa of waiving hook up fees. Trustee Baer informed Ron Lynch at the 10:00 A.M. scheduled meeting that the previous General Manager's offer to waive connection fees would not occur and that the \$270,144 received by John Serpa could be accounted for. Ron Lynch requested that the District be more accountable with its revenue.

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Ron Lynch suggested that the format of the District's budget report is modified to be more reader friendly. He provided Secretary/Treasurer Lau with Douglas County's Mosquito Abatement Control District's budget report and general ledger documents.

Ron Lynch requested that the Board provide answers on the whereabouts of the revenue received by the District from Douglas County for Vista Grande roadway improvements and maintenance in the amount of \$140,000 and the revenue received by the District from John Serpa "DGD Development" for Valley Vista Phase 7 water and sewer connection fees in the amount of \$270,144.

Trustee Patrick inquired if the Board of Trustees terminated an employee. Chairman Swanson commented that there is no termination of employment. Trustee Patrick inquired if the employee was aware that there is no termination of employment. Attorney Brooke commented that he has no information of what the individual is aware of and that there has been no determination by the Board. Trustee Patrick asked who is responsible to make the employee aware that they are not terminated. Attorney Brooke clarified that the individual being discussed is the General Manager and that the General Manager has a contract of employment with the Board. He stated that if the employment contract is going to be changed or any action is taken on that contract, it would be by the Board after deliberation of the Board. Chairman Swanson mentioned that he asked Attorney Brooke to send a letter to the General Manager. Trustee Patrick suggested that the letter be delivered within the next twenty four hours. Attorney Brooke stated that he is preparing a notice of a special meeting if the Board decides to hold a special meeting which would be delivered to the main office for utilization tomorrow morning. Chairman Swanson recommended that the notice be hand delivered.

Ron Lynch mentioned that he was informed upon arrival at the scheduled morning meeting that the General Manager was no longer with the District. He commented that there are specific guidelines set forth by the State of Nevada for conducting an executive session.

5. Reports to the Board:

a. General Manager's Report (Exhibit A)

Executive Assistant Vicki Reifer informed the Board of Trustees of various training opportunities on the Nevada's open meeting law, positive governance and public official's liability. She commented that Neil Rombardo at the Attorney General's Office offered to conduct an open meeting law training session at a Board of Trustees meeting and Ann Wiswell at the Nevada Pool Pact Public Agency Risk Management offered to conduct open meeting law, positive governance and public official's liability training sessions. Secretary/Treasurer Lau inquired if there were any training costs. Executive Assistant Vicki Reifer clarified that there are no fees associated with any of the training sessions.

b. Engineer's Report (Exhibit B)

The District's Engineer Brian Randall discussed items as written in the Engineer's Report. He informed the Board of Trustees that the east sludge pond liner was installed and that the project was completed today on June 21, 2006. He mentioned that the west sludge pond liner project would commence after the west sludge pond is dried out. He stated that the east sludge pond project change orders should be presented to the Board of Trustees at the next meeting.

Engineer Randall discussed the status of the Hobo replacement lift station. He stated that a package plant would be the most cost efficient because the package plant is delivered, installed and connected to the District's existing system. Engineer Randall mentioned that General Manager Longhofer recently requested that he research other alternatives. Engineer Randall's opinion is that the package plant would be the best solution. Engineer Randall informed the Board of Trustees that the manufacturer is in the process of reconfiguration of the package plant which is based upon design criteria for build out of the District.

Secretary/Treasurer Lau requested a copy of the District's 5-Year Street Maintenance Program from Engineer Randall.

Trustee Baer inquired on the updated cost for the Hobo replacement lift station. Engineer Randall replied that the cost would depend on the reconfiguration of the package plant, particularly the pumps. There was discussion on the District's capability of funding State mandated wastewater infrastructure capital improvements and the possibilities of obtaining loans for the Hobo lift station replacement project and west sludge pond liner project.

Vice Chairman Evans inquired on the removal of sludge in the west pond. Engineer Randall explained that the District does not have sufficient funding to construct a sludge handling facility and as a result, sludge is accumulated in ponds at the District's wastewater treatment facility. He stated that a large sump pump should remove the sludge out of the pond. Chairman Swanson inquired on the frequency of removing sludge from ponds. Engineer Randall explained that per the design, sludge removal should occur every fifteen years which is based upon the quality of influent. He mentioned that the District's frequency to remove sludge has significantly been altered due to the quality of commercial influent. Trustee Patrick asked Engineer Randall on the District's sludge removal frequency. Engineer Randall discussed the disconnection of the North Valley commercial area and its affect on the quality of influent received by the District. He commented that a reasonable frequency for sludge removal might be every five years but it depends on the quality of influent and the potential for future commercial development in the District.

Vice Chairman Evans commented on heat affecting the controls in the Hobo lift station dry well. Engineer Randall discussed ventilation problems and safety issues with the Hobo lift station dry well. He advised that temporary ventilation with collapsible duct work should improve the issues with heat affecting the controls in the dry well.

c. Attorney's Report

There was no written Attorney's Report. The District's Attorney Scott Brooke had nothing to report.

Public Interest Comment: (Reports: General Manager, Engineer, Attorney) (none)

6. Approval of Draft Minutes of Board Meetings of May 18, 2006 and June 8, 2006:

Public Interest Comment: (none)

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Chairman Swanson entertained a motion to approve the Draft Minutes of Board Meeting of May 18, 2006 as amended with the following revisions: typographical error corrected from “cheap” to “chip” on Page 1, last paragraph and a typographical error corrected from “Back” to “Bank” on page four, agenda item #8 motion in italic font. So moved by Vice Chairman Evans. Seconded by Trustee Patrick. Chairman Swanson abstained. Motion carried 4 to 1.

Public Interest Comment: (none)

Trustee Patrick moved to approve the Draft Minutes of Board Meeting of June 8, 2006 as presented. Seconded by Secretary/Treasurer Lau. Motion carried unanimously.

7. Acceptance of Budget Status Reports for May 31, 2006:

Public Interest Comment: (none)

Trustee Baer moved to accept the Budget Status Reports for May 31, 2006 as presented. Seconded by Secretary/Treasurer Lau. Motion carried unanimously.

8. Acceptance of Bank Accounts' Reconciliation at May 31, 2006:

Public Interest Comment: (none)

Secretary/Treasurer Lau moved to accept the Bank Account's Reconciliation at May 31, 2006 as presented. Seconded by Vice Chairman Evans. Motion carried unanimously.

- 9. On agreeing to the renewal of the District's liability insurance through the Nevada Public Agency Insurance Pool, as proposed, at a total cost of \$48,624.40 for fiscal year 2006-07 and to approve payment to Warren Reed Insurance for \$48,624.40 for the renewal premium and \$1,500.00 for the agency fee:** Chairman Swanson inquired if the insurance renewal premium was included in the 2006-2007 budget. Administrative Operations Manager Nancy Fredrickson confirmed that the annual cost for the District's liability insurance was included in the 2006-2007 budget. Trustee Patrick inquired if the renewal premium is to be paid in full. Nancy Fredrickson confirmed that the renewal premium is paid in full. Vice Chairman Evans inquired if the amount differs from the previous year. Administrative Operations Manager Nancy Fredrickson mentioned that there is a \$2,000 increase this year.

Public Interest Comment: Ron Lynch inquired on the increase amount and if the policy includes coverage for District vehicles. Administrative Operations Manager Nancy Fredrickson informed Ron Lynch that there is a \$2,000 increase this year and that the policy covers District vehicles.

Trustee Baer moved to agree on the renewal of the District's liability insurance through the Nevada Public Agency Insurance Pool, as proposed, at a total cost of \$48,624.40 for fiscal year 2006-07 and to approve payment to Warren Reed Insurance for \$48,624.40 for the renewal premium and \$1,500.00 for the agency fee. Seconded by Vice Chairman Evans. Motion carried unanimously.

- 10. Discussion and possible action on approval of Application and Certificate for Payment No. 1 in the amount of \$2,173.50 to Telesto Nevada LLC for the installation of an HDPE liner in the east sludge pond of the IHGID wastewater treatment facility:** Engineer Randall confirmed that payment No. 1 was fair and reasonable. He explained that payment No.

1 and payment No. 2 were the first two payments for the east sludge pond liner project. He clarified that the District pays progress fees which include work performed and materials purchased.

Public Interest Comment: (none)

Vice Chairman Evans moved to approve the Application and Certificate for Payment No. 1 in the amount of \$2,173.50 to Telesto Nevada LLC for the installation of an HDPE liner in the east sludge pond of the IHGID wastewater treatment facility. Seconded by Trustee Baer. Motion carried unanimously.

- 11. Discussion and possible action on approval of Application and Certificate for Payment No. 2 in the amount of \$23,907.62 to Telesto Nevada LLC for the installation of an HDPE liner in the east sludge pond of the IHGID wastewater treatment facility:** Engineer Randall confirmed that payment No. 2 was fair and reasonable. Secretary/Treasurer Lau questioned a missing figure on line #9, "BALANCE TO FINISH, INCLUDING RETAINAGE" on the Application and Certificate for Payment No. 2 form. Engineer Randall explained that Telesto Nevada LLC inadvertently did not enter a figure on line #9 of the Application and Certificate for Payment No. 2 form. He confirmed that line 3 less line 6 would calculate a balance of \$28,338.88.

Public Interest Comment: (none)

Trustee Baer moved to approve the Application and Certificate for Payment No. 2 in the amount of \$23,907.62 to Telesto Nevada LLC for the installation of an HDPE liner in the east sludge pond of the IHGID wastewater treatment facility. Seconded by Vice Chairman Evans. Motion carried unanimously.

- 12. On adoption of an updated District Boundary Map, including recent annexations:** Executive Assistant Vicki Reifer presented a revised District Boundary Map prepared by Resource Concepts that indicated previously approved annexations. Engineer Randall showed the Board of Trustees the parcels that were annexed into the District. The following parcels were annexed and included on the revised boundary map.

<u>Assessor's Parcel #</u>	<u>Property</u>	<u>Owner</u>	<u>Approved by the Board of Trustees</u>
1420-07-210-015	Green Acre	Gilmartin	March 15, 2006
1420-07-703-004	Azurite	Mason	March 15, 2006
1420-18-301-007	Plymouth	Morton	March 25, 2003
1420-07-211-006	Shawnee	Laningham	October 15, 2002

Public Interest Comment: (none)

Trustee Baer moved to adopt the updated District Boundary Map, including recent annexations. Seconded by Trustee Patrick. Motion carried unanimously.

- 13. Discussion and possible action to approve a budget revision of the fiscal year 2005-06 budget or to approve a possible budget augmentation including possible adoption of Resolution 2006-03 providing for augmentation of the fiscal year 2005-06 budget:** Administrative Operations Manager Nancy Fredrickson informed the Board of Trustees that according to the Nevada Department of Taxation, there is no need to augment the fiscal year 2005-2006 General Fund budget because actual expenditures did not exceed budgeted

expenditures on the level of fund and function in which functions include Administration, Streets, Parks and Recreation. She confirmed that there would be no need for Board action on the agenda item.

Administrative Operations Manager Nancy Fredrickson explained that the Nevada Department of Taxation combines both water and sewer expenses. She stated that according to the Nevada Department of Taxation, there is no need to augment the fiscal year 2005-2006 Enterprise Fund budget because the total expenses did not exceed budgeted expenses on the level of fund. Chairman Swanson questioned the combining of water and sewer expenses because the new sewer and water rate analysis was based on each function separately. Administrative Operations Manager Nancy Fredrickson clarified that water and sewer expenditures are separated in the District's Enterprise Fund monthly budget status report.

The Board of Trustees reviewed the Enterprise Fund spreadsheet that will be submitted to the Nevada Department of Taxation. Administrative Operations Manager Nancy Fredrickson gave an explanation of items listed on the spreadsheet. She clarified that "Capital Contributions" are connection fees; "Non Operating Expenses" is the total of the connection fees and interest; and "Interest Expense" is the District's debt service.

Public Interest Comment: Bill Eisele commented on his experience with Enterprise Funds being completely separate. Administrative Operations Manager Nancy Fredrickson clarified that water and sewer expenditures and revenues are separated in the District's general ledger but the Nevada Department of Taxation combines both functions. He inquired if the District submits both reports at the same time to the Nevada Department of Taxation. Chairman Swanson and Administrative Operations Manager Nancy Fredrickson clarified that the Auditor for the District's annual financial statement separates water and sewer functions in the Enterprise Fund.

No action taken.

14. Discussion and possible action on providing the use of the Board Room for a "Meet the Candidates Event" for District residents to meet the IHGID Board of Trustees candidates for the upcoming election: Chairman Swanson recommended a Saturday or Sunday open house to meet the Indian Hills General Improvement District candidates for the upcoming election. Trustee Patrick inquired if a date would be established. Chairman Swanson directed staff to inquire from candidates on their available dates. Trustee Baer inquired if other candidates would be invited to the open house. Chairman Swanson clarified that the open house to meet the candidates would be for the Indian Hills General Improvement District's Board of Trustees candidates.

Public Interest Comment: Ron Lynch inquired if a brief article on the candidates could be published in the District's Neighborhood Newsletter.

Vice Chairman Evans suggested placement of informative District meetings and events be included on the District's water and sewer bill to attract more resident's interest with the District. Chairman Swanson requested that notification of upcoming meetings and other events be placed on the bottom of the District's water and sewer bills.

Chairman Swanson moved to approve providing the use of the Board Room for a "Meet the Candidates Event" for District residents to meet the IHGID Board of Trustees candidates for the upcoming election. So moved by Trustee Baer. Seconded by Vice Chairman Evans. Motion carried unanimously.

Chairman Swanson suggested that candidates provide written material to be submitted and published in the District's Neighborhood Newsletter. Executive Assistant Vicki Reifer commented that there might be language in the Nevada Revised Statutes that restricts any promotion of a candidate. Trustee Patrick inquired if the article could be for informational purposes only. Executive Assistant Vicki Reifer clarified that the District would be incurring the cost for paper, postage and staff time to possibly promote a candidate which might violate a section in the Nevada Revised Statutes. Attorney Brooke stated that he would review the Nevada Revised Statutes and report back to the Board of Trustees with his legal opinion.

15. **Chairman and Trustees' Reports:** Chairman Swanson commented that a special meeting would be conducted towards the end of next week that pertains to issues with the General Manager. Trustee Patrick inquired if the meeting would be an open meeting. Chairman Swanson confirmed that the meeting has to be an open meeting. Attorney Brooke explained that a closed session is impermissible because the character, alleged misconduct or professional competence involves the General Manager and that the person is entitled to a notice and to be present. Chairman Swanson clarified that the General Manager is still employed by the District until such determination is made by the Board. Chairman Swanson requested that a special meeting be held on Thursday, June 29, 2006.

Secretary/Treasurer Lau inquired if Attorney Yturbide had a response from Douglas County on their pending request that the District transfer sixteen to seventeen sewer units. Attorney Brooke commented that he was not aware of any response from the County and that they are awaiting a response due to a discrepancy with the actual number of sewer units requested to transfer. Secretary/Treasurer Lau suggested that Attorney Brooke receive a response from Douglas County if they intend on taking any action with their request that the District transfer sewer units.

Secretary/Treasurer Lau inquired on resident Mike Carrion's flooding problem at 3350 Plymouth Drive in regards to a possible transfer of easement ownership. Attorney Brooke clarified that there has been no direction if the District wants to acquire the easement. He explained that Douglas County would need to accept the easement and then transfer the easement to the District. Chairman Swanson commented that the easement is currently owned by John Serpa. Attorney Brooke clarified that the easement is also not maintained by anyone which was the reason for the flooding issue on resident Mike Carrion's property at 3350 Plymouth Drive.

Trustee Patrick inquired if the District could sell acreage owned by the District. Attorney Brooke replied that the District could sell its acreage.

Secretary/Treasurer Lau commented on the Douglas County Leadership Program. She is interested in enrolling in the program. Chairman Swanson suggested an agenda item for the next meeting for the Board's consideration to approve Trustee enrollment in the "Leadership Douglas County Program" and to approve that the District incurs the cost of the tuition enrollment fee. Secretary/Treasurer Lau is interested on attending the Nevada League of Cities annual conference but could only attend a few days. Executive Assistant Vicki Reifer informed the Board of Trustees that a person has the option of attending any or all dates of the conference. She informed the Board of Trustees that a detailed schedule of activities and other information on the conference should be available soon.

Vice Chairman Evans discussed safety concerns related to wastewater infrastructure such as various District lift stations and the possibility of placement of a backstop on ball field #1.

Executive Assistant Vicki Reifer and Attorney Brooke discussed the short time frame to draft and distribute the agenda for the June 29, 2006 special meeting. Chairman Swanson requested that staff do their best to prepare and distribute an agenda by 9:00 A.M. on June 22, 2006.

The Board of Trustees agreed to conduct the June 29, 2006 special meeting at 6:00 P.M. rather than 7:00 P.M.

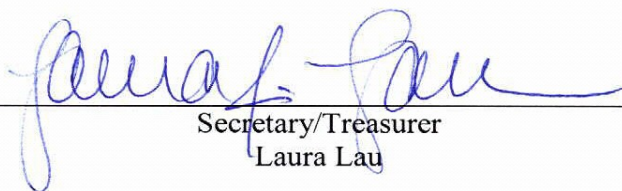
Public Interest Comment: (none)

16. Adjournment: *Chairman Swanson entertained a motion to adjourn the meeting at 8:20 P.M. So moved by Vice Chairman Evans. Seconded by Trustee Patrick. Motion carried unanimously.*

A special Board of Trustees meeting will be held on Thursday June 29, 2006 at 6:00 P.M. The next regular Board of Trustees meeting will be on Wednesday July 19, 2006 at 7:00 P.M.

*Exhibit A General Manager's Report
Exhibit B Engineer's Report*

FINAL APPROVED MINUTES AS PRESENTED



Secretary/Treasurer
Laura Lau