

Minutes
Indian Hills General Improvement District
District Office
3394 James Lee Park Rd. #A
Carson City, NV 89705
August 20, 2008
6:00 P.M.

Trustees Present: Vice Chairwoman Denise Pierini, Secretary/Treasurer William Eisele, Trustee Brian Patrick, Trustee Kathryn Clark-Ross

Trustees Absent: Chairman Laura Lau

Staff Present: District Analyst Human Resources & Community Sandi Eisele, Interim General Manager Art Baer, Administrative Assistant Karen Ziemer

Others Present: Attorney Scott Brooke, Ron Lynch, Brandon Rhoades, Penni Eisele, Bill Moriarty, Jim Murphy, Pat Murphy, Pat Baer, Skip Allen, Shelia Allen, Les Falconer, Carl Carter, Ron Kruse

1. **Call to Order:** Vice Chairwoman Pierini called the meeting to order at 6:00 P.M.
2. **Pledge of Allegiance:** Led by Vice Chairwoman Pierini
3. **Approval of Agenda:** Secretary/Treasurer Eisele requested to move Item #9 under Item #7. Trustee Patrick asked to have Item #9 removed from the Agenda as Chairman Lau is not here tonight to speak in her defense. Interim General Manager Art Baer commented that Dianne Humble will not be here tonight as she is sick. Trustee Clark-Ross commented that Chairman Lau knew that Item #9 was on the Agenda and if Chairman Lau was going to submit something in writing in her defense, she would have submitted it to the Board before the meeting. Attorney Scott Brooke suggested to Vice Chairwoman Pierini that since the person requesting the Agenda Item and the subject of the Agenda Item were not present, it would be appropriate to remove Item #9 from the Agenda.

Trustee Patrick motioned to remove Item #9 from the Agenda. Vice Chairwoman Pierini seconded. Motion did not carry 2-2. 2 Ayes-Trustee Patrick, Vice Chairwoman Pierini; 2 Nays-Secretary/Treasurer Eisele, Trustee Clark-Ross. Chairman Lau Absent

Secretary/Treasurer Eisele motioned to approve the Agenda as it stands. Trustee Clark-Ross seconded. Motion did not carry 2-2. 2 Ayes-Secretary/Treasurer Eisele, Trustee Clark-Ross; 2 Nays-Trustee Patrick, Vice Chairwoman Pierini. Chairman Lau Absent

Attorney Scott Brooke suggested the Board go forward with the published Agenda with no change.

4. **Public Interest Comment:** Resident Ron Lynch commented that the Board was sworn in and was heading in the right direction, then changed course. Ron commented he'd like someone from the District to tell residents what is going on with the future of the District. He requested Item #9 be pulled from Agenda. Ron distributed information (Exhibit A) from the Open Meeting Law regarding Agenda Item descriptions needing to be clear and complete. Ron stated he believes it is completely unacceptable to allow the Agenda Item to go forward when Chairman Lau is not present to face her accuser. Attorney Scott Brooke suggested waiting until the Agenda Item is discussed to specifically speak on matter. Ron asked why the ad for District

Manager was removed from the District's website. Ron asked who is on the selection committee for the District Manager position. He asked if there is one resident from Indian Hills and one resident from Sunridge on the selection Board.

5. Reports to the Board:

a. General Manager's Report (Exhibit B):

Interim General Manager Art Baer reviewed his August 15, 2008 Report to the Board. Art issued an emergency order to take care of the sewer line problem at Granite Ct. The current charges amount to \$36,425. There is no final bill yet from the contractor who is cleaning up the house and doing repairs from the sewage backing up. Art commented that the CPA that was hired is doing a tremendous job in balancing the books and catching up on bills that needed to be paid. IRS has been taken care of. Art reported that Comptroller Claudette Springmeyer, from Douglas County will review the applications for the Accountant position. Claudette will pick out the qualified applicants and test them. Claudette has reported there are 45 resumes with 4 very qualified applicants to interview and test. Art commented she will probably pick 2 candidates to present to IHGID. Art would like IHGID Human Resources to review the recommendations from Claudette and select one of the applicants for hire.

Trustee Brian Patrick questioned Art regarding the Caselle software contract that was cancelled. Trustee Patrick commented that in her report, consultant Sandra Haugen had written that the Board was asked to consider getting three quotes on RVS upgrades or software and that Nancy was working on this. Brian asked what the difference was in the RVS and Caselle software systems. Brian stated that the Board had made the motion to approve the Caselle contract. Brian asked Attorney Scott Brooke if it is within the purview of General Manager to cancel the contract without the Board specifying to cancel the contract. Attorney Scott Brooke answered that he would have to look at the contract terms. Trustee Patrick asked for the differences in the software systems be put in writing from both Caselle and RVS. Trustee Clark-Ross commented that the District overpaid Caselle and the system was never delivered. The Board agreed to revisit the non Board approved cancellation of the Caselle software contract at their next meeting.

Art commented that OSHA Enforcement Division fines amount to \$3,300 because the District didn't comply with a written document covering all the OSHA rules we must be in compliance with. After OSHA's inspection, all minor issues have been taken care of except the written document. The District submitted a card to OSHA asking for an extension and has not heard that an extension was granted. The District has received a copy of Lyon County's OSHA required document, and it is being modified to apply to IHGID. This document took Lyon County 1 ½ years to complete. IHGID has 15 days to comply. Art will ask Attorney Scott Brooke to write a letter to OSHA stating 15 days is very unreasonable to ask the District to comply.

Art Baer commented that all bills are current and IRS is not going to arrest Secretary/Treasurer Eisele. Trustee Patrick asked Art if he got a letter with a threat of arrest from the IRS. Art replied yes, and he will give a copy to the Board of Trustees. Art stated IRS has been paid, fines paid and the District is back in their good graces.

Trustee Patrick asked Art about Item #15 of his General Manager Report regarding a resolution to raise the water and sewer rate (administrative) \$2.00 per year and to

institute the first \$2.00 increase this next billing cycle. Art replied he should have pulled this item from his report and that it applied to sewer only. Trustee Patrick asked Attorney Scott Brooke if a Public Hearing must be held before this could be done. Attorney Scott Brooke offered to look at what the Board agreed to originally, and what was published.

Art Baer reported there were 45 applicants for the General Manager position. The applications are now with a consultant to be screened. The screening will entail meeting the criteria the Board has asked for. The consultant, Sandra Haugen, made a recommendation that the Board pick outside people to interview applicants, then one or two qualified applicants be presented to the Board to decide upon. Art suggested finding outside people who know what a General Manager does. Trustee Clark-Ross asked for at least seven applicants to be presented to the Board due to the last hiring process when there was only one applicant to interview. Secretary/Treasurer Bill Eisele commented that a set of criteria was established to hire a General Manager and as long as the applicant qualifies in meeting the criteria, whether there are three, or five, they should be presented to the Board. Bill commented that he had met with the Douglas County Manager who offered Carl Rushmeyer to sit in on an interview Board. Bill suggested asking some head people in Carson City and other top managers to interview also. Bill recommended that the IHGID Board of Trustees stay out of the process until the final selected applicants are found. Vice Chairwoman Denise Pierini agreed with this recommended process and commented it must be done in a timely manner.

The Board of Trustees reached a consensus to authorize Art Baer to have Sandra Haugen from Haugen and Keck, do pre-screening of the General Manager applications, under the condition that Mr. James Taylor be included in the interview process and be the last applicant to be interviewed. The Board authorized Art Baer to get commitments from Managers of other General Improvement Districts and the Public Works Director from Douglas County to assist the Board in the interview process.

Public Comment: Carl Carter commented that this seems like a lengthy process. He asked the Board what the timeframe is in selected a General Manager. Secretary/Treasurer Eisele replied this can move ahead very quickly, and it should. Ron Lynch suggested the Board ask Art Baer if the proposed Auditor can do a final audit for the year, and if the \$27,000 proposal includes the final audit. Bill Moriarty commented that the Caselle software contract had provided a way to establish winter usage rates for water which would be the basis for the wastewater system. Bill commented this would be an important consideration to fairly charge people for their sewage charges. Bill asked Art Baer to include this information in his report to the Board at the next meeting. Bill commented on OSHA compliance standards for any workplace. Bill suggested that the District needs a General Manager who knows these types of things. Art Baer replied the District is in compliance, just didn't write it down. District Analyst-Community & H.R. Sandi Eisele commented that IHGID has a written Safety and Health Program with the required elements in place and that we do know all of the requirements. Sandi commented that OSHA dinged the District for not complying or implementing our program. The non-compliance related to an index of who employees could call in an emergency, and that a Safety manual must be located in each department, rather than in the H.R. office.

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

Sandi Eisele reviewed her report to the Board.

- c. Engineer Report:** Engineer Brian Randall was absent. Interim General Manager Art Baer reported on the sewer situation at Granite Court. The contractor will start digging

the pipe up on Monday, with the homeowner's approval. The contractor for the Lift Station installation will begin work tomorrow.

- d. **Attorney Report:** Attorney Scott Brooke commented he has continued to work with the Interim General Manager as matters come up. Scott will prepare a summary report on matters being discussed for the Board of Trustees' next meeting. He will be reviewing the OSHA penalty notification within the time period it is needed.

Public Comment: (none)

6. Discussion and possible action on approval of Consent Calendar:

Public Comment: Bill Moriarty requested a modification to the July 23, 2008 Board of Trustees' Meeting Minutes under Item #5, Public Comment. His comment in the first sentence ending in "become a Board Member" should be changed to "become a General Manager".

Trustee Patrick motioned to approve the Consent Calendar with a correction to the July 23, 2008 Board Meeting Minutes, Item #5 as corrected by Bill Moriarty. Trustee Clark-Ross seconded. Motion carried 4-0. Chairman Lau absent

7. Action on items pulled off the Consent Calendar: (none)

8. **Discussion and possible action regarding approval of a Site Lease Agreement with Cricket Communications to collocate a Communication Facility on and near the Water Tank located at 3500 Shawnee Road:** Les Falconer from Tallac Tower Group commented that information and a site lease agreement were presented to the Board at a previous meeting. IHGID Attorney Scott Brooke, Les and Cricket's Attorney have all reviewed it, made changes and come to an agreement on the Site Lease Agreement. Attorney Scott Brooke commented that the Site Lease included in the Board packet represents suggested changes that were tentatively agreed to some time ago.

Public Comment: Interim General Manager Art Baer commented that IHGID presently has Sprint cell phones for employee use. Art asked Les what the Cricket cell phone coverage area is. Les replied it will be from North Reno down to the Gardnerville area. Art commented he may be contacting Cricket for information on their services.

Trustee Patrick motioned to accept the Site Lease Agreement with Cricket Communications as printed. Secretary/Treasurer Eisele seconded. Motion carried 4-0. Chairman Lau absent

Les Falconer asked who would be signing the Lease Agreement. Attorney Scott Brooke replied that the Chairman of the Board would be signing the agreement. Les asked the Board for a formal letter or email stating that the Board has approved the Lease Agreement and Cricket may proceed. Art Baer agreed to send a letter by email to Les. Attorney Scott Brooke will fill in a final agreement with necessary information and forward it to Les.

9. **Discussion and possible action regarding removal of the present Chairperson due to Ms. Lau's continual treatment of this public entity, its employees and residents:** Ron Lynch addressed the Board commenting that he does not believe the Board can go forward with this Item unless it is found to be an Item that can be discussed tonight. Attorney Scott Brooke replied that this Item was properly placed on the Agenda, as there is a policy that allows residents to put items on an Agenda. Scott stated he does not believe this Item is a violation of

the Open Meeting Law. Dave Fournier read a statement from his wife Diane Humble who was ill and not in attendance, asking the Board to remove Ms. Lau as Chair immediately. Trustee Clark-Ross commented that she had a problem with Chairman Lau not being here tonight during this discussion and would not be opposed to waiting until the next meeting to hear this item. Trustee Clark-Ross commented she doesn't want to see any incidents come up that may jeopardize the District before the next meeting is held. Secretary Treasurer Eisele commented on an incident involving several District insurance cancellations with checks needing to be written, signed and delivered, where Chairman Lau did not act responsibly for the District.

Secretary/ Treasurer Eisele made a motion that Laura Lau step down as Chairperson of IHGID. Trustee Clark-Ross seconded.

Trustee Patrick commented that people have a right to defend themselves from an accusation. Vice Chairwoman Denise Pierini agreed that Chairman Lau should be present when a decision is being made about her future. Denise commented she was not in agreement with a letter written by Chairman Lau to resident Art Baer and a letter written to employees.

Attorney Scott Brooke commented that he did not think it appropriate to have this discussion on this subject matter in Chairman Lau's absence. Scott commented that whatever the Board does is probably advisory only, because there are no procedures for any removal. Scott noted that some of the matters that were mentioned by Board members are not mentioned by Ms. Humble in her Agenda Item description and were not the items she was talking about. Scott noted there was a comment earlier about notice and a proper opportunity for response. Scott suggested that if Board members have difficulty in their personal dealings with each other or with parameters of the Chairman's authority, that they discuss that as a subject among themselves, either informally or as an Agenda Item. Scott commented regarding the referenced letter to Mr. Baer dated April 24, 2008. Chairman Lau discussed the letter with Scott before it was written and sent. The letter was sent with Scott's knowledge with the intent to protect an employee. It was his opinion that it was and is an appropriate letter to send under the circumstances, to protect an employee. Scott suggested a more constructive way to handle the issue is to deal directly with Ms. Lau about what seems to be her actions as Chairman in the capacity of speaking for the Board. If the Board wants to have a policy that the Chairman doesn't have the traditional notions and authority that a Chairman has, and doesn't speak for the Board, then that should be laid out. Otherwise, the Chairman does what Chairs typically do. Scott commented he felt it inappropriate to discuss and criticize Chairman Lau's actions without her being here. Secretary/Treasurer Eisele asked Scott about the motion that was made. Scott replied he had not researched this item, but knows that IHGID has no policies or rules that provide for the removal of any officer that was elected. Typically you elect officers for a year. If the motion went forward and the Board voted that way, and Chairman Lau declined to take your suggestion, he could not answer to that scenario right now. Scott commented the Board does not have a procedure for what is being suggested. Vice Chairwoman Pierini asked Scott if the motion could be amended to have a temporary suspension. Scott replied that there is no procedure for this either. Trustee Brian Patrick asked if the Board could in a resolution or statement form, notice their displeasure with the actions of an individual on the Board. Scott replied absolutely, if you request that they step down or resign from an office you can do that as well. Scott suggested that the appropriate way to do that is with the person present for discussion. You can either do it individually or formally or do it together as a Board, if you do this, it is appropriate to initiate it by the Board. This Item was initiated by a member of the public.

Secretary/Treasurer Eisele withdrew his motion until Ms. Lau is present. Trustee Clark-Ross seconded.

The Board will address this item at the Sept 17, 2008 Board of Trustee's meeting.

Public Comment: Ron Lynch commented he'd like someone in the District Structure to tell residents of IHGID what is going on with the Board and the future of this District. Ron commented he was glad the Board followed what Scott Brooke had suggested. Carl Carter commented that Agenda Item #9 was very confusing because there was no specific accusation there. Carl agreed with Scott Brooke that the item should be tabled until both Diane Humble and Chairman Lau are present. Pat Murphy commented that there have been a lot of personality problems within the Board and they have not worked together.

8:05 Recess

8:17 Reconvened

10. Discussion and possible action regarding dropping the services of present Auditor from Kohn Colodny LLP and consideration of a letter of engagement for prospective new Auditor: Art Baer, Interim General Manager reviewed a letter from Kohn Colodny regarding an amendment to their current engagement letter for audit services. The revised engagement letter they sent did not include an amount and stated that due to the District's changed circumstances they would have to do more work. Art did not like presenting a contract to the Board without knowing what Kohn Colodny would do for the District. Art met with both Ben Steele and his partner/son John Steele. Ben Steele, CPA introduced himself as Senior Partner and Vanessa Davis, Audit Manager of Steele and Associates. Ben's CPA firm has been practicing for 25 years in the Carson City area. Ben reviewed his firm's proposal and explained the audit process to the Board. The proposal is for a three year engagement. There is an initial process that will take a day or two to determine the audit program itself by discussions with staff. Ben explained that his firm will produce opinion and management letters for the Board of Trustees. Any problems or opinions they come across during the audit process will not get communicated to staff until they are communicated to the Board. Ben commented that the audit is required by the State of Nevada and needs to be done by the end of October. The Board must approve the audit at their November meeting, and the audit submitted to the State of Nevada by December 31, unless there are major problems and an extension is granted. Steele and Associates will start by reviewing the Board Meeting Minutes looking for contracts and liabilities of the District. Vanessa Davis commented that the minutes provide more information and focus for problem areas. Vice Chairwoman Pierini asked what the minimum amount of time would be for Steele and Associates to address the Board. Ben replied normally they would do the audit, present their findings to the Board and they would be done. Ben offered to come to Board Meetings on a quarterly basis, four meetings a year, free of charge.

Public Comment: Jim Murphy asked Ben Steele if a red flag was found, would it be possible to look at a previous year audit. Ben replied that if you are looking to assess blame, it would depend. You would look at a previous year audit to see what the recommendations were as part of the audit process. If there was something missed, it is addressed at that point. If it is immaterial, you just don't address it.

Trustee Kathryn Clark-Ross commented she is not ready to relieve Beth Kohn-Cole of her duties as auditor yet. She wants to personally talk to Dan and Beth from Kohn Colodny first. Kathryn

commented she doesn't believe the problem was with the auditor, but that there was an internal problem at the District.

Trustee Patrick motioned to drop the services of Kohn Colodny and accept the services of Steele and Associates for the proposed 3 year contract. Secretary/Treasurer Eisele seconded. Motion carried 3-1. 3 Ayes-Vice Chairwoman Pierini, Secretary/Treasurer Eisele, Trustee Patrick; 1-Nay Trustee Clark-Ross, Chairman Lau absent

- 11. Discussion and possible action regarding changing the present fueling vendor from Western Energetix to Petroleum Card Services (PCS):** Interim General Manager Art Baer commented on a summary of gas purchases over the past year. Art stated there are poor controls with the present gas vendor and bills have been paid with no receipts. Western Energetix, the current vendor, charges federal and state tax, while IHGID is tax exempt. The new company, PCS will not charge federal or state tax which amounts to approximately 48 cents per gallon in savings. PCS allows fuel to be purchased at the Silver City RV Park which has gas and diesel and knows IHGID vehicles. There will be savings by not having to buy fuel in Carson City. Art proposes that Silver City be the only place staff can buy fuel. Art commented the District has had abuses of fuel purchases. A PCS fuel card will be assigned to a vehicle by vehicle number, and an individual is assigned to a vehicle. Art reported he has filled out an application with PCS. He will come back to the Board with the PCS contract. Secretary/Treasurer Eisele suggested having the contract reviewed by Attorney Scott Brooke. Trustee Clark-Ross was concerned with a possible \$20 charge per fuel card. Art will find the original contract with Western Energetix to see what the District was paying them for cards.

No action taken.

- 12. Discussion and possible action regarding having one regularly scheduled Board of Trustees' Meeting on the third Wednesday of each month at 7:00 P.M.:** Interim General Manager Art Baer commented that when there was no General Manager, two meetings a month were necessary. Trustee Patrick commented that the meeting was moved to 6:00 P.M. originally to accommodate retired people who felt more comfortable coming earlier.

Trustee Clark-Ross made a motion to go back to the regular once a month meeting being the third Wednesday of each month at 6:00 P.M. Secretary/Treasurer Eisele seconded. Motion carried 4-0, Chairman Lau absent.

- 13. Chairman and Trustees Reports, Correspondence:** Secretary/Treasurer Eisele commented he has included letters in the Board packet as correspondence from July, 2008, regarding what happened when the District's insurance was cancelled. Art Baer commented that any mail that comes into the IHGID office will be opened and date stamped. If mail comes in for IHGID Board of Trustees, it will be opened and date stamped, whether it has an individuals name on it or not. If it is marked personal or confidential it won't be opened. Vice Chairwoman Pierini asked Attorney Scott Brooke if this was tampering with mail and if it is legal. Attorney Scott Brooke replied that Art is referring to official District business. After the Board discussed an individual Board member's name being on a piece of mail and if it is opened or not, Scott Brooke offered to look into the issue. Scott commented he thought Art was talking about making sure that District business is proceeding, because Art was criticized last week for opening a letter addressed to the Chairman and to the Board. Scott commented that opening the letter was appropriate, but this could be a grey area. Art Baer commented regarding the General Manager position. He will have the consultant review the General Manager

applications. He will call other General Improvement Districts, Carson City and others to go over the chosen applications and come up with seven or more applicants to interview.

14. Adjournment:

Trustee Patrick motioned to adjourn the meeting. Secretary/Treasurer Eisele seconded. Motion carried 4-0, Chairman Lau absent. Meeting adjourned at 9:35 P.M.

FINAL APPROVED MINUTES AS PRESENTED

**Secretary/Treasurer
William Eisele**