

Minutes
Indian Hills General Improvement District
District Office
3394 James Lee Park Rd. #A
Carson City, NV 89705
November 8, 2006
7:00 P.M.

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

Trustees Absent: Chairman Charles Swanson

Staff Present: General Manager Dennis Longhofer, Executive Assistant Vicki Reifer, Administrative Operations Manager Nancy Fredrickson, District's Attorney Jennifer Yurbide, District's Engineer Brian Randall

Others Present: Ben Walker, Debbie Walker, Penni Eisele, Bill Eisele, Richard Rego, Ron Lynch

1. **Call to Order:** Vice Chairman Evans called the meeting to order at 7:00 P.M.
2. **Pledge of Allegiance:** Led by Trustee Baer.
3. **Approval of Agenda:** Vice Chairman Evans 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.

Trustee Baer moved to approve the agenda as presented. Seconded by Secretary/Treasurer Lau. Motion carried 4 to 0.

4. **Public Interest Comment:** (none)
5. **Discussion and possible action to adopt a Resolution of Intent to Issue Water and Sewer Bonds, proposing the issuance of and authorizing the publication of notices relating to General Obligation (Limited Tax) water and sewer bonds (Additionally Secured by Pledged Revenues) for the purpose of financing water and sewer projects for the District:** General Manager Longhofer explained that at a previous Board meeting, the Board of Trustees approved a Resolution regarding the notification to the Douglas County Debt Management Commission concerning the financing of water and sewer improvement projects of the District's proposal to issue general obligation bonds additionally secured by pledged revenues. He stated that Douglas County's Debt Management Commission approved that Resolution and that the Resolution of intent to issue water and sewer bonds on this meeting agenda is for the Board of Trustees final approval.

Vice Chairman Evans commented on the possibility that the Board approve a bond amount less than \$2,000,000. Trustee Patrick and 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. General Manager Longhofer informed the Board of Trustees that a newspaper article regarding the awarding of a bid for a bridge construction project in Washoe stated that construction inflation rates are estimated at

14% per year. He commented on the possibility that contractors might reduce cost estimates because of the slow down in residential and building construction. He recommended that the Board of Trustees go forward with approving the Resolution of intent to issue water and sewer bonds.

Trustee Patrick inquired on the cost estimate for emergency power. General Manager Longhofer informed Trustee Patrick that the cost for emergency power for the wastewater treatment plant is estimated at \$120,000. He explained that the cost estimate would increase another \$90,000 if the existing generator at lift station #2 could not be moved and used for Brown's well. The District's Engineer Brian Randall is reviewing the emergency power cost estimate.

Vice Chairman Evans mentioned that there are two generators not being used. He inquired if the generators could be disposed of to bring in any revenue. General Manager Longhofer questioned the value of the generator housed outside the water treatment plant which is exposed to the elements. He mentioned that the generator is not big enough to run anything except the District's main office and that the State of Nevada is mandating installation of a generator at the wastewater treatment plant. General Manager Longhofer mentioned that he was going to surplus the generator however; the Board has not yet approved to surplus the generator. Vice Chairman Evans suggested that the District either place the generator under a cover or surplus it. General Manager Longhofer informed Vice Chairman Evans that the de-watering system building will be able to accommodate the generator when the de-watering system is approved by the Board of Trustees.

Trustee Baer inquired on the status of the arsenic removal project. General Manager Longhofer informed Trustee Baer that the pilot test was conducted but the results did not come out very well because the media got saturated with arsenic in only three weeks and that another pilot test will be conducted at no charge to the District. He commented on a possible problem with the District's pH level being high and that a carbon dioxide pilot study will be conducted to bring the pH level down. He commented on another possible problem with the District's silica level being high at 58 parts per million in which a normal level is 0 to 30 parts per million. He mentioned that there is no requirement for silica and that high silica causes scale problems which might explain Vice Chairman Evan's scale build-up issue with his swamp cooler.

General Manager Longhofer informed the Board of Trustees that the second expensive pilot test will be conducted in December 2006 and that the only cost for the District is laboratory analysis fees to test the samples.

General Manager Longhofer mentioned that the District might have to start over again if the Board requests and approves to reduce the bond amount less than \$2,000,000. Vice Chairman Evans suggested that the Board reduce the bond amount less than \$2,000,000 and to postpone a decision until Chairman Swanson is present. General Manager Longhofer recommended that the Board of Trustees move on because the State is mandating that the District resolve its water and sewer infrastructure issues and that a report is due to the State by November 15, 2006 regarding the District's current efforts to resolve issues regarding lining of the sludge pond and emergency power. He stated that the District does not have to use the entire \$2,000,000 bond amount. General Manager Longhofer explained that the District would only use bond money to cover expenses related to a specific water and sewer capital improvement project or State mandated improvement project and not for any other District issue such as an emergency.

Public Interest Comment: Bill Eisele inquired if the District intends on going out to bid on its several upcoming water and sewer projects. General Manager Longhofer informed Bill Eisele that the District intends on going out to bid.

Trustee Patrick moved to adopt the Resolution of Intent to Issue Water and Sewer Bonds in the amount of \$2,000,000 and proposing the issuance of and authorizing the publication of notices relating to General Obligation (Limited Tax) water and sewer bonds (Additionally Secured by Pledged Revenues) for the purpose of financing water and sewer projects for the District. Seconded by Trustee Baer. Secretary/Treasurer Lau voted aye. Trustee Patrick voted aye. Trustee Baer voted aye. Vice Chairman Evans voted nay. Motion carried 3 to 1.

- 6. Discussion and possible action to approve an inter-local agreement with Douglas County to transfer the portion of the sewer system constructed under Phase 3 of the Ridgeview System Rehabilitation Project from Douglas County to the District:** General Manager Longhofer explained that sixteen equivalent dwelling units of sewer capacity were transferable per the Genoa Golf Investor's July 29, 2005 quitclaim deed. He mentioned that there will be a phase 4 of the Ridgeview System Rehabilitation project. Vice Chairman Evans commented that phase 3 of Ridgeview System Rehabilitation project is completed and that the agreement indicates that the County will transfer a portion of the sewer system constructed under phase 3 to the District. General Manager Longhofer mentioned that the District will bill Ridgeview customers directly rather than billing the County.

Secretary/Treasurer Lau inquired if the District would be accepting that the Ridgeview phase 3 area be included in the District's boundary. General Manager Longhofer clarified that the District would be accepting and operating the sewer system only.

Public Interest Comment: (none)

General Manager Longhofer mentioned that Douglas County was interested on transferring an older section of the Ridgeview sewer system to the District. He explained to the County that a separate agreement should be drafted because the matter is a different issue.

Trustee Patrick questioned if the District received payment from the County in lieu of connection fees. General Manager Longhofer understood that the District received eight sewer connection fees out of the total twenty four because sixteen sewer units of sewer capacity were previously paid for by Genoa Lakes. Trustee Baer commented that Genoa Lakes gave the sewer units to Douglas County in which the connection fees were previously paid to the District by Genoa Lakes.

Trustee Baer moved to approve the inter-local agreement with Douglas County to transfer the portion of the sewer system constructed under Phase 3 of the Ridgeview System Rehabilitation Project from Douglas County to the District. Seconded by Trustee Patrick. Motion carried 4 to 0.

7. 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. Syncon Homes permits for the Valley Vista Phase 7 thirty six single family homes have been approved by Douglas County. Sears retail store will occupy a space in the Target shopping center. Office

and field staff have started cross training on various functions in the field such as streets maintenance, sewer infrastructure maintenance and sewer collections and office functions such as water/sewer billing. He commented on parks staff filling in for cross training staff.

General Manager Longhofer answered Trustee Baer's inquiry that the Morgan Meadows subdivision project pertains to the development of nine single family homes on Azurite.

An instructional video explaining the Westfalia Centrifuge de-watering system equipment and process was presented to Board members and the community. The District's online community videos were also presented.

Public Interest Comment: (none)

b. Engineer's Report (Exhibit B)

The District's Engineer Brian Randall provided a written Engineer's Report. Engineer Randall commented on the District's online community videos in relation to the District's transformation and progress with its parks, water and sewer infrastructure and facilities. He informed the Board of Trustees that the exploratory well appears to be an excellent supplemental or standby water source for the District and that the water quality laboratory analysis report indicates that the water is similar to Brown's well water. He discussed the water quality differences between Brown's well and the exploratory well. He explained that the water quality report indicated that arsenic is almost non-existent in the exploratory well. He was uncertain if the exploratory well would maintain that arsenic level because Brown's well water color was fairly descent when it was initially drilled. He explained that Brown's well water color and chemistry changed after it was pumped for a few years. Engineer Randall stated that the exploratory well water color is similar to the water color of Brown's well. He explained that the exploratory well's lower arsenic level would assist substantially with reducing the amount of treatment required because the exploratory well's water would be blended with Brown's well water. Application 71765 was filed to establish water rights on the exploratory well. A statutory requirement for the issuance of a water permit by the Division of Water Resources is to notify by certified letter to any domestic well owners located within 2,500 feet of the well site. A certified letter was mailed to the seven property owners on October 30, 2006. Engineer Randall mentioned that the exploratory well is marked and capped and will remain unused and undeveloped until the District decides to use the well as a supplemental water source.

Trustee Patrick asked how much the exploratory well would produce. Engineer Randall explained that the production of a well is based upon its size and that the exploratory well is a small diameter well which did not have screen casing but has slotted casing. He anticipates that the minimum production would be fifteen gallons per minute which is similar to that of Brown's well water production if the District decides to develop a large diameter well such as Brown's well which would be equipped with a high quality screen and large pump. Trustee Patrick inquired on a cost estimate to put a well into production. Engineer Randall responded that the cost is not limited to just the well because electrical power and controls need to be installed and a pipeline needs to be connected from the well to the District's water system. Engineer Randall anticipates a cost estimate of \$400,000 to \$500,000 which would be dependent upon the size of the well developed which would include both the casing size and production capacity.

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Engineer Randall discussed the District's consideration of having a supplemental standby water source if Brown's well was to fail.

Engineer Randall commented on the increasing popularity of package lift stations because they are of high quality, operator friendly, efficient and well designed. He mentioned that the District is required to go to bid on the Hobo lift station replacement project and that Resource Concepts is in the process of developing a set of specifications that could be used by any package lift station manufacturer who wishes to submit a bid on the manufacture, supply and installation consulting services. Engineer Randall explained the District's intention of going to bid on the Hobo lift station replacement project similar to the bidding process of the Ozone project in which the District purchased the ozone equipment under one bid and a second bid was for the ozone equipment installation. He intends on having the package lift station specifications ready for the Board's consideration at the December 2006 Board of Trustees meeting. Engineer Randall commented on the timing of the project by going out to bid when contractors are slow.

Trustee Baer commented on ROMTEC utilities revised package lift station quote. The proposed package lift station quote was \$511,000. The revised quote is \$418,500. Engineer Randall explained that there is a \$92,500 reduction in the proposal price because the District already has a meter on the system that would have been duplicated by a meter proposed in the package lift station.

Vice Chairman Evans inquired from Engineer Randall if the District would be capable of providing sewer service to the proposed Clear Creek development if Douglas County requests that the District provide service to that development. Engineer Randall understood that the Clear Creek development might have a package sewer plant on site in which the effluent would be used for irrigation of the proposed golf course and that the development would provide its own water system. He clarified that there would be moderate sewer infrastructure required to provide sewer service to the proposed Clear Creek development because the sewer connection is located near Jacks Valley Elementary School. Engineer Randall stated his opinion that the Clear Creek development might have its own package sewer plant and use the effluent to irrigate the proposed golf course or, the Clear Creek development would connect to Douglas County's North Valley treatment system. Engineer Randall discussed the complicated process of getting the Clear Creek development sewage to Douglas County's North Valley sewer treatment plant.

Vice Chairman Evans mentioned that a motor mechanic informed him a few years ago that Brown's well was built as an agricultural well and that sleeves were not installed. Engineer Randall clarified that Brown's well was drilled as a municipal well. He commented on the poor design of the screen in the well. He recalled that Brown's well was drilled in 1991. Brown's well started producing sand wherein sand destroys pumps and fills up the lines. He explained that a slotted sleeve was installed inside the larger diameter and that gravel was placed between the old casing and the new sleeve because gravel stops the migration of sand. The gravel pack filters out the sand and keeps it outside of the well so it does not get into the system. A cement seal was installed to a one hundred foot depth which was required by the State and that there is no seal below that one hundred foot depth. Engineer Randall confirmed that there were no design changes in regards to the production zones of Brown's well.

Public Interest Comment: (none)

Trustee Baer requested input from Engineer Randall regarding the arsenic pilot test results. Engineer Randall informed the Board of Trustees that he is not qualified to provide an answer regarding the results. He mentioned that Roger Gilmore from Gilmore Engineering could provide specific and detailed information to the Board regarding the matter.

General Manager Longhofer informed the Board of Trustees that at a recent meeting with Douglas County, Douglas County indicated that they would prefer that the District provide service to the Clear Creek development if a package sewer plant is not built.

Public Interest Comment: (none)

c. Attorney's Report

The District's Attorney Jennifer Yturbide did not have any matters to report on. She would be providing information requested by the District's Executive Assistant regarding status of the District's Attorney receiving a signed and recorded inter-local agreement from Douglas County pertaining to the County providing sewer service to twenty six lots in the Sunridge III phase 7 The Springs subdivision.

Public Interest Comment: (none)

8. Approval of Draft Minutes of Board Meeting of October 18, 2006:

Vice Chairman Evans entertained a motion to approve the Draft Minutes of Board Meeting of October 18, 2006 as presented. So moved by Trustee Baer. Seconded by Trustee Patrick. Vice Chairman Evans voted aye. Trustee Baer voted aye. Trustee Patrick voted aye. Secretary/Treasurer Lau abstained. Motion carried 3-0.

9. Acceptance of Budget Status Reports for October 31, 2006:

Trustee Patrick inquired on the District's monthly proportion of Ad Valorem taxes. Administrative Operations Manager Nancy Fredrickson clarified that revenue from Ad Valorem taxes are received monthly however, the amount received varies substantially per month.

Trustee Baer questioned the monthly actual figures in the General Fund and Enterprise Fund payroll benefits. Administrative Operations Manager Nancy Fredrickson informed Trustee Baer that she would examine payroll benefit figures.

Public Interest Comment: (none)

Trustee Patrick moved to accept the Budget Status Reports for October 31, 2006. Seconded by Secretary/Treasurer Lau. Vice Chairman Evans voted aye. Secretary/Treasurer Lau voted aye. Trustee Patrick voted aye. Trustee Baer voted nay. Motion carried 3 to 1.

10. Acceptance of Bank Accounts' Reconciliation at October 31, 2006:

Trustee Patrick inquired on the amount of the District's debt payment. General Manager Longhofer clarified that the District's debt payment is approximately \$100,000 which would be due in January 2007 and again in July 2007.

Public Interest Comment: (none)

Secretary/Treasurer Lau moved to accept the Bank Accounts' Reconciliation at October 31, 2006. Seconded by Trustee Patrick. Motion carried 4 to 0.

- 11. Discussion and possible action on scheduling an outdoor Holiday Lighting and Decoration Contest and to approve the Prize for First Place at \$200, Second Place at \$150 and Third Place at \$100 as previously awarded. (Requested by Vice Chairman Evans):** Vice Chairman Evans mentioned that the prize amounts could be amended. Trustee Patrick commented on his concern of using public money to fund a lighting and decoration contest. He stated that some residents cannot afford to put lights up and some residents have difficulty paying for their electric bill. He suggested a random drawing of a few water/sewer accounts to have the District pay those customers water/sewer bill as a holiday gift in lieu of a holiday lighting and decoration contest. He recommended a prize of a turkey or ham for the winners of the holiday lighting and decoration contest instead of a cash prize.

Public Interest Comment: Pehni Eisele suggested that the District host a "Winterfest" in James Lee Park. Trustee Patrick commented on the difficulty of planning a "Winterfest" event due to the lack of time.

Secretary/Treasurer Lau approved of the District having a holiday lighting and decoration contest because it encourages the community to do something special. The Board of Trustees discussed their enjoyment of driving through neighborhoods to view decorations and lights.

Public Interest Comment: Kathryn Clark-Ross inquired on the number of years that the District has held the holiday decoration and lighting contest. Vice Chairman Evans informed Kathryn Clark-Ross that the District has held the lighting and decoration contest for approximately seventeen years. Kathryn Clark-Ross liked both the lighting and decoration contest and the drawing of water/sewer accounts. She recommended that the District have a contest in the spring or summer and award a prize for those members of the community that improve their yards. She suggested that the District consider the matter as an agenda item at an upcoming meeting.

Ron Lynch commented on the prize amounts totaling \$450. He stated that District residents pay the highest tax assessment in the County and that the District should be improving its streets and park facilities. He stated that public money should be used to improve and maintain District infrastructure and amenities provided to the public. He suggested that the District focus on maintaining and improving its amenities considering that the District will be borrowing \$2,000,000.

The Board of Trustees and District staff discussed options to publicize the holiday lighting and decoration contest. Notification of a holiday lighting and decoration contest will be placed on the December 2006 water/sewer bills.

Vice Chairman Evans commented on the District spending public money for its Board members and staff to attend various conferences and training seminars. Trustee Baer offered to donate his monthly Trustee salary to assist with the lighting and decoration prize amounts.

Trustee Baer moved to approve an outdoor Holiday Lighting and Decoration Contest and to approve the Prize for First Place at \$200, Second Place at \$150 and Third Place at \$100 as previously awarded with Trustee Baer offering his December Trustee salary towards the prize amounts. Seconded by Secretary/Treasurer Lau. Vice Chairman Evans voted aye.

Secretary/Treasurer Lau voted aye. Trustee Baer voted aye. Trustee Patrick voted nay. Motion carried 3 to 1.

Vice Chairman Evans, Secretary/Treasurer Lau and Trustee Patrick offered to be judges for the holiday lighting and decoration contest. Judging will be held on Saturday, December 16, 2006 at 5:30 P.M.

- 12. Discussion and possible action to approve the purchase of a Holiday Gift Certificate for District Employees. (Requested by Vice Chairman Evans):** Trustee Patrick commented on the issue of using public funds and that the District has set a precedence by giving staff gift certificates in the past.

Secretary/Treasurer Lau inquired on the number of District employees. Vice Chairman Evans informed Secretary/Treasurer Lau that there are fifteen employees. Vice Chairman mentioned that the District gave a ham to the employees in the past. Secretary/Treasurer Lau suggested a gift certificate for a ham in which the gift certificate amount might cost less than \$60.

The Board of Trustees informed the public that the District gave each employee a \$60 gift certificate last year.

Public Interest Comment: Richard Rego stated that Lowe's gives its employees a \$15 gift certificate.

Secretary/Treasurer Lau moved to approve the purchase of a Holiday Gift Certificate in the amount of \$25 per District employee. Seconded by Trustee Patrick. Vice Chairman Evans voted aye. Secretary/Treasurer Lau voted aye. Trustee Patrick voted aye. Trustee Baer voted nay. Motion carried 3 to 1.

- 13. Chairman and Trustees' Reports:** (none)

- 14. Adjournment:** *Vice Chairman Evans entertained a motion to adjourn the meeting at 8:40 P.M. So moved by Trustee Baer. Seconded by Trustee Patrick. Motion carried 4 to 0.*

The next regular Board of Trustees meeting will be on Wednesday, December 20, 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