

Minutes
Indian Hills General Improvement District
District Office
3394 James Lee Park Rd. #A
Carson City, NV 89705
July 19, 2006
7:00 P.M.

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

Trustees Absent: Trustee Art Baer

Staff Present: General Manager Dennis Longhofer, Executive Assistant Vicki Reifer, District's Attorney Scott Brooke, District's Engineer Brian Randall

Others Present: Michelle LaFontaine, Ron Lynch, Lorre St. Germain, Mark Lunstrum, Janet Lunstrum, Bill Eisele

1. **Call to Order:** Chairman Swanson called the meeting to order at 7:05 P.M. due to technical difficulties with the District's audio recording equipment.
2. **Pledge of Allegiance:** Led by Trustee Patrick.
3. **Approval of Agenda:** The District's Engineer Brian Randall requested that consent calendar agenda item #12e be deleted and agenda item #18 be moved after agenda item #13.

Public Interest Comment: (none)

Chairman Swanson entertained a motion to approve the agenda as amended by deletion of consent calendar agenda item #12e and by moving agenda item #18 after agenda item #13. So moved by Vice Chairman Evans. Seconded by Trustee Patrick. Motion carried 4 to 0.

4. **Public Interest Comment:** Ron Lynch inquired if Board discussions could occur prior to opening a public comment interest period on agenda item #15. Chairman Swanson commented that the Board of Trustees generally discuss an agenda item prior to opening a public comment interest period.

Michelle LaFontaine provided the Board of Trustees and District staff with a map which illustrated a section of open space in the District. (Exhibit C) She requested if either Syncon Homes or the District could place signs indicating that no motorized vehicles are allowed on the five entrances to the open space because of potential fire hazards. She recommended that the District put a notice in the next newsletter to inform residents of areas in the District where motorized vehicles are allowed.

Chairman Swanson recommended that General Manager Longhofer contact Steve Black at Syncon Homes to request that signs be placed at the entrances to the open space if the open space has not been dedicated to the District.

5. **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 not indicated in the General Manager's Report. He informed the Board of Trustees that a report from Anderson Consulting regarding a personnel issue was placed in each Board member's mailbox. He stated that sludge removal for the west sludge pond liner project might cost more than what was anticipated and that District staff are researching alternatives to dispose of the sludge.

General Manager Longhofer informed the Board of Trustees that trees and bushes were removed on the corner of Tourmaline and Vista Grande because a resident complained that the view of oncoming traffic was being obstructed. He discussed roadway repairs on Vista Grande near Mica Drive.

General Manager Longhofer commented on the possibility of the District purchasing a notebook computer to assist with troubleshooting and answering of water and sewer alarms to alleviate the substantial amount of money expended by the District to pay staff for overtime.

He informed the Board of Trustees that the cost to remove sludge for the west sludge pond liner project might be estimated at approximately \$100,000. He suggested that the District consider purchasing sludge dewatering equipment in the future.

Johnson Consulting will be attending the next Board of Trustees meeting to discuss available funding options for the District's capital improvements which include arsenic removal, water treatment facility generator, Brown's well generator, Hobo lift station replacement, wastewater treatment facility generator and sludge pond lining. General Manager Longhofer mentioned that the combined cost for all upcoming capital improvements might be estimated at \$1.4 million.

The Board of Trustees and General Manager discussed the possibility for the District to dewater and dispose of its sludge rather than lining the ponds.

Vice Chairman Evans recalled that the cost estimate for arsenic removal was approximately \$400,000. General Manager Longhofer informed Vice Chairman Evans that the cost estimate for arsenic removal should be \$160,000.

General Manager Longhofer commented on the expansion of the water treatment system to process 4 million gallons a day. The District's Engineer Brian Randall explained that the exploratory well is a back up source for Brown's well and that expanding the water treatment capacity is not necessary because the District does not have the service requirements to justify an expansion. He questioned Vice Chairman Evans statement that the cost estimate for arsenic removal was \$400,000. General Manager Longhofer mentioned that Gilmore Engineering recommended that the District spend \$30,000 on expansion of the water treatment system at the time the arsenic removal equipment is installed. District Engineer Randall clarified that Gilmore Engineering suggested that if the District spent the additional money to double

the size of the treatment capacity, the District would not have to spend it in the future.

Chairman Swanson suggested that General Manager Longhofer review the rate structure to evaluate if the water and sewer monthly fees and connection fees are adequate.

General Manager Longhofer informed the Board of Trustees that an interlocal agreement with Douglas County will be an agenda item at a future Board of Trustees meeting to consider the County's request that the District transfer sixteen equivalent dwelling units of sewer capacity and the County's request to purchase eight additional equivalent dwelling units for parcels in the Ridgeview service area.

Public Interest Comment: Mark Lunstrum inquired on the location of the sludge ponds and lift station. General Manager Longhofer explained that a new lift station will replace an existing lift station at the District's water treatment facility property on Hobo Hot Springs Road and the sludge ponds are located at the District's wastewater treatment facility property on Hobo Hot Springs Road.

b. Engineer's Report (Exhibit B)

The District's Engineer Brian Randall informed the Board of Trustees that the east sludge pond liner project is completed and final payment for the project should be an agenda item for the Board's consideration at the next meeting. He mentioned that an Engineer's quality assurance (CQA) letter will be submitted to the Nevada Department of Environmental Protection for the east sludge pond liner project. He informed the Board of Trustees that the Nevada Department of Environmental Protection is requiring that the District submit a schedule for completion of the west sludge pond liner project. Engineer Randall stated that the Nevada Department of Environmental Protection will be notified that the District is uncertain on how long it would take for dewatering, sludge removal and soils drying for the west sludge pond liner project. Engineer Randall proposed that the District schedule the commencement of installation of the west sludge pond liner for early spring of next year with completion in June or July 2007. He commented that the Nevada Department of Environmental Protection will have specific requirements if the District decides to abandon the west sludge pond. Engineer Randall agreed with General Manager Longhofer's suggestion that the District consider purchasing sludge dewatering equipment.

Engineer Randall discussed the status of the Hobo lift station replacement. He mentioned that the contractor submitted a revised proposal to accommodate the District's future growth, safety and pumping requirements, and generator requirement. He stated that the cost to replace the lift station is estimated at \$500,000 to \$600,000.

Engineer Randall informed the Board of Trustees that Aqua Drilling is prepared to commence drilling of the exploratory well pending approval of a temporary ground water discharge permit from the Nevada Department of Environmental Protection.

General Manager Longhofer mentioned that the District might be able to use the generator at the water treatment plant for the replacement Hobo lift station.

Vice Chairman Evans asked if agenda item #11, application and certificate for payment no. 3 in the amount of \$28,338.88, included agenda item #12a through agenda item #12d change order amounts. Engineer Randall explained that payment no. 3 is the balance amount of the contract and it does not include any change order amounts approved at tonight's meeting. He stated that change order amounts approved at tonight's meeting will be included in the final payment.

Public Interest Comment: (none)

c. Attorney's Report

There was no written Attorney's Report. The District's Attorney Scott Brooke commented on the Attorney General's response to an open meeting law violation complaint filed on February 16, 2006. The Attorney General concluded that the District complied with the open meeting law. Attorney Brooke will work with General Manager Longhofer to draft the interlocal agreement with Douglas County pertaining to the District's transfer of sixteen equivalent dwelling units and the County's request to purchase additional sewer units.

Public Interest Comment: (none)

6. Approval of Draft Minutes of Board Meetings of June 21, 2006 and June 29, 2006:

Trustee Patrick moved to approve the draft minutes of June 21, 2006 as presented. Seconded by Secretary/Treasurer Lau. Motion carried 4 to 0.

Secretary/Treasurer Lau moved to approve the Draft Minutes of Board Meeting of June 29, 2006 as amended with the following revisions: revision of the motion for agenda item # 5 on Page 8, from "Motion carried 3 to 2" to "Motion failed to carry"; word revision from "followed" to "follows" on page 1, agenda item #5; word revision from "medaling" to "meddling" on page 10, agenda item #6. Seconded by Trustee Patrick. Motion carried 4 to 0.

7. Acceptance of Budget Status Reports for June 30, 2006: Chairman Swanson inquired if the District intends on receiving \$243,000 in grant revenue as indicated on page 1 of the General Fund Budget Status Report. General Manager Longhofer stated that no grant revenue is anticipated to be received.

Public Interest Comment: (none)

Trustee Patrick moved to accept the Budget Status Reports for June 30, 2006. Seconded by Secretary/Treasurer Lau. Motion carried 4 to 0.

8. Acceptance of Bank Accounts' Reconciliation at June 30, 2006:

Public Interest Comment: (none)

Secretary/Treasurer Lau moved to accept the Bank Account's Reconciliation at June 30, 2006. Seconded by Trustee Patrick. Motion carried 4 to 0.

9. **Discussion and possible approval for an Easement reduction located near 3524 Silverado Drive (APN #1420-07-214-013):** Property owner Lorre St. Germain informed the Board of Trustees that the easement is contained within the property at 3524 Silverado Drive. She is requesting reduction of the easement size in order to build a small home for her mother. Lorre St. Germain mentioned that in thirty to forty years, the District has not increased the size of the tank located on the easement and that there should be sufficient land if the easement is reduced for expansion of a tank.

Chairman Swanson stated that if the District approves the reduction, the property owner would be responsible for any costs associated with the reduction such as appraisals, surveying, and submission of drawings to Douglas County. Chairman Swanson asked General Manager Longhofer if the District had any future use for the easement. General Manager Longhofer replied that he has not studied the matter. He inquired from Lorre St. Germain on the size of the easement reduction. Lorre St. Germain showed the area to the Board of Trustees and General Manager on a Valley Vista Estates Phase 6 final map. She hopes to achieve a 6,000 to 9,000 square foot lot.

District Engineer Randall explained that it was intended that a 2 million gallon tank be placed on the easement when the Valley Vista development was originally approved and at that time, all of the area was to be served by a pump station because the Valley Vista area is not at the same elevation of the tank. He stated that it was intended that Valley Vista be served from the tank through a pump station and that is the reason for the easement's shape and large size. He stated that things have changed substantially since that time. He clarified that the storage that serves Valley Vista comes from the tank by Jack's Valley elementary school in which water is pumped from the pump station on the easement up to the school tank stored and then gravity feed to the Valley Vista area. Engineer Randall commented that installation of a 2 million gallon tank on the easement would have been tight. He recommended a plot of the existing facilities because he cannot determine the distance from the existing facilities to the proposed property line. Engineer Randall inquired if the lot was going to be a separate lot. Lorre St. Germain clarified that Douglas County is requesting a separate parcel. Engineer Randall explained that the lots along the west Valley Vista property line are large for a specific reason because of the size of the lots adjacent to the west.

Trustee Patrick recalled that the District approved annexation of a split parcel located in the same area owned by William Gilmartin. Engineer Randall explained that William Gilmartin's property on Green Acre was two acres and the split resulted into another one acre lot and that Lorre St. Germain's property would not result in an acre lot if it is split.

Chairman Swanson stated that the issue in front of the Board of Trustees is if the easement should be released. He mentioned that lot sizes would be a Douglas County issue. Chairman Swanson suggested that General Manager Longhofer review the future need of the easement and that the District's Attorney develop an agreement that addresses who is responsible for financial obligations for reduction of the easement. Attorney Brooke agreed with Chairman Swanson that the District should first determine whether any portion of the easement could be surplus and then the District should determine on what terms the District would dispose of the easement which would be costs associated with the reduction and value of the easement.

General Manager Longhofer inquired if the public would be allowed to purchase the portion of the easement if the easement is approved to be reduced. Attorney Brooke stated that the District has the ability to make a deal with the adjacent property owner.

Secretary/Treasurer Lau inquired if the lot size would be comparable to adjacent lots. Lorre St. Germain stated that the current house on the lot occupies the far north end of the lot with a frontage of approximately 90 feet by 132 feet in length and an additional 63 feet to the south where the easement marker begins on the street side and a depth of 130 feet would provide for an additional lot of 63 x 130 for 8,190 square feet. Chairman Swanson and Secretary/Treasurer Lau determined that the lot size would be comparable to adjacent lots.

General Manager Longhofer inquired if the District's costs to determine if the easement could be surplused should be charged to the property owner. Chairman Swanson commented that there are costs for doing business and that the District pays for the General Manager's time. Chairman Swanson informed property owner Lorre St. Germain that she would be responsible for all fees associated with the reduction of the easement including surveying, appraisal, attorney, engineering, water and sewer connections fees.

Vice Chairman Evans recalled that the District sold a section of District property to a developer approximately six years ago.

Public Interest Comment: Michelle LaFontaine inquired if Douglas County would allow dividing the property into two lots due to lot size requirements which are part of the Valley Vista development agreement. Attorney Brooke commented that Douglas County would determine lot size requirements.

Chairman Swanson suggested that General Manager Longhofer review the future need of the easement and that the District's Attorney deal with an agreement that addresses who is responsible for financial obligations for reduction of the easement.

Agenda item tabled.

10. **Discussion and possible action to confirm if resident Mark and Janet Lunstrom are required to repave a section of Hobo Hot Springs Road as requested by Douglas County Planning including possible determination of ownership and maintenance responsibilities of Hobo Hot Springs Rd:** Property owner Mark Lunstrom informed the Board of Trustees that it has been a twenty five month process to split a two acre lot located on Hobo Hot Springs Road which is owned by Mark and Janet Lunstrom. He stated that about a year ago, Douglas County did not require paving the section of Hobo Hot Springs Road in front of his property and now, Douglas County is requiring that the section be paved. He mentioned that the paving cost is estimated at \$25,000. Mark Lunstrom asked who owns Hobo Hot Springs Road and if the District would require that the section in front of his property be paved. He informed the Board of Trustees that Douglas County does not know who owns or maintains Hobo Hot Springs Road.

Attorney Brooke stated that the District does not have enough information on Hobo Hot Springs Road to determine the location or the ownership. He clarified that determination regarding paving would be made by Douglas County if it is a public road. He explained that if Douglas County made a determination that is objectionable, it has an appeal process that an applicant could go through to modify that condition. He stated that the issue is a Douglas County issue and not a District issue.

Mark Lunstrom informed the Board of Trustees that Douglas County gave up maintenance responsibilities in 1998. Attorney Brooke explained that if Douglas County has no interest in the road, then they would accept your appeal to eliminate the paving condition. Chairman Swanson questioned why the District is involved with planning issues. Mark Lunstrom was advised to ask if the District would require paving the section in front of his property if the District owned Hobo Hot Springs Road. Attorney Brooke clarified that if the District owned Hobo Hot Springs Road, the determination of paving would be made by Douglas County. Secretary/Treasurer Lau asked if Douglas County would determine pavement of a road in another proposed development in the District where it was determined that the road was owned by the District. Attorney Brooke responded yes. General Manager Longhofer stated that if the District made the determination of paving roads in the District, he would suggest that the section not be paved. Mark Lunstrom mentioned that Douglas County's meeting minutes did not include the County's past statement that the Lunstrom's were not required to pave the section of Hobo Hot Springs Road.

Mark Lunstrom asked if the District would require that the section be paved four feet wider and to Douglas County standards. He mentioned that Geocon determined that Hobo Hot Springs Road does not meet County standards when it was previously paved by Douglas County.

Chairman Swanson asked if a Douglas County requirement for development of a property includes requirements for public roads. Secretary/Treasurer Lau informed Chairman Swanson that the County does have requirements in some instances but questioned if the County would establish requirements on roads owned by the District. Chairman Swanson commented that Douglas County would still determine requirements. Mark Lunstrom understood that the District was deeded Hobo Hot Springs Road. He asked if the District owns Hobo Hot Springs Road. General Manager Longhofer understood that the quitclaim deed indicates that the District was granted a utility easement along Hobo Hot Springs Road and not the road itself.

Mark Lunstrom mentioned that Douglas County has given up maintenance responsibilities and the right of way and that most of the vehicles on Hobo Hot Springs Road travel to the storage unit facility. Attorney Brooke suggested that the appropriate body to hear Mark Lunstrom's issue would be at an appeal process with the County's Planning Commission or County Commissioners. Mark Lunstrom asked if the District would require that the section be paved if the District owned the road. Trustee Patrick replied that the District would still need to adhere to the Douglas County paving standards regardless of who owns the road, even if it was the District's road. Mark Lunstrom understood that the County quitclaimed Hobo Hot Springs Road to the District. Secretary/Treasurer Lau replied that the District would still need to adhere to the County's requirements even if the County quitclaimed Hobo Hot Springs Road to the District. Chairman Swanson commented that the quitclaim deed indicates an easement only. Chairman Swanson suggested that the agenda item is tabled until there was further investigation on who owns Hobo Hot Springs Road. He did not see that the question asked by Mark Lunstrom is a question that the District could answer. Chairman Swanson asked for further suggestions on the matter from the Board of Trustees. Vice Chairman Evans recalled a previous situation where the County asked the District to own and maintain Impala Road. The District responded to the County's request that the District would accept the road once it was repaired and that County responded that they were abandoning the road.

Mark Lunstrom discussed his frustration with the issue of paving a section of Hobo Hot Springs Road. Chairman Swanson inquired from Attorney Brooke's if Mark Lunstrom's recourse would be with the County. Attorney Brooke responded that there is a very clear

process within the County's procedures to contest a condition that is found to be unacceptable. He suggested that Mark Lunstrom pursue the issue with Douglas County.

Chairman Swanson asked if the Board of Trustees had any further comments or if there were any motions. He asked if the agenda item should be tabled. It was the consensus of the Board to table the agenda item. Chairman Swanson requested that General Manager Longhofer determine ownership of Hobo Hot Springs Road because the quitclaim deed indicates an easement.

Public Interest Comment: (none)

Agenda item tabled.

11. **Discussion and possible action on approval of Application and Certificate for Payment No. 3 in the amount of \$28,338.88 to Telesto Nevada LLC for the installation of an HDPE liner in the east sludge pond of the IHGID wastewater treatment plant:** The District's Engineer Brian Randall stated that the east sludge pond liner is installed and the project is completed. He explained that payment no. 3 represents the balance of the original contract amount including the \$3,830 amount for change order #2 and that there will be an additional payment application at a future Board of Trustees meeting which would represent final payment for the project if change order #3 through change order #6 as shown in agenda item #12a through agenda item #12d are approved.

Public Interest Comment: Bill Eisele inquired on the reasons for several change orders. He discussed his involvement with various water and sewer treatment plant projects. Engineer Randall commented on his long term involvement with designing and bidding projects. He has not encountered many projects that do not involve change orders in construction and that change orders are individually itemized. He offered to provide Bill Eisele with change order documentation if requested.

Secretary/Treasurer Lau asked if change orders were common on large projects. Engineer Randall stated that it is very common to have change orders. He discussed problems when bidding on projects that have underground infrastructure. He stated that change orders occur during the construction progress because there are ways to improve efficiency or additional improvements that would prevent unnecessary costs in the future. Engineer Randall offered to explain each change order if the Board requested. Chairman Swanson commented that change orders occur due to unknown site conditions, mistakes and owner changes. He stated that industry standards for change orders for a project are generally 5% to 10%. Engineer Randall informed the Board of Trustees that the change order percentage for the east sludge pond liner project was 15%. Engineer Randall discussed problems with the calculation of the sludge pond's base and the pond's unforeseen base condition. He explained that the Nevada Department of Environmental Protection had a deadline date to submit plans and there was three feet of sludge in the bottom of the pond at the time of designing the liner. Chairman Swanson clarified that change orders are not taken for face value and that the District's Engineer reviews the change order line by line which are then approved by the Board of Trustees if they are fair and reasonable.

Trustee Patrick moved to approve Application and Certificate for Payment No. 3 in the amount of \$28,338.88 to Telesto Nevada LLC for the installation of an HDPE liner in the east sludge pond of the IHGID wastewater treatment plant. Seconded by Vice Chairman Evans. Motion carried 4 to 0.

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

- a. Discussion and possible action on approval of Change Order No. 3 in the amount of \$2,500.00 to *increase* the contract total with Telesto Nevada LLC for the east sludge pond HDPE liner, said change required for additional pond bottom soil in-haul and placement required to increase the pond bottom elevation per design revision.
- b. Discussion and possible action on approval of Change Order No. 4 in the amount of \$1,600.00 to *decrease* the contract total with Telesto Nevada LLC for the east sludge pond HDPE liner, said change resulting from the elimination of an 8" knife gate valve in the pond discharge line.
- c. Discussion and possible action on approval of Change Order No. 5 in the amount of \$1,000.00 to *increase* the contract total with Telesto Nevada LLC for the east sludge pond HDPE liner, said change required for construction of a pump sump in the pond bottom for future sludge removal.
- d. Discussion and possible action on approval of Change Order No. 6 in the amount of \$825.00 to *increase* the contract total with Telesto Nevada LLC for the east sludge pond HDPE liner, said change required for installation of an HDPE sludge discharge splash pad and HDPE pump slide, for pond liner protection.
- e. Discussion and possible action on approval of Change Order No. 7 in the amount of \$900.00 to *increase* the contract total with Telesto Nevada LLC for the east sludge pond HDPE liner, said change required for a delay in construction necessitated by a re-design and re-survey of the pond bottom. *Agenda item #12e deleted.*

Public Interest Comment: (none)

Trustee Patrick moved to accept the consent calendar change orders for Telesto Nevada LLC, agenda item #12a through agenda item #12d as presented. Seconded by Vice Chairman Evans. Motion carried 4 to 0.

13. Action on items pulled off the Consent Calendar: Agenda item #12e was deleted from the agenda. *No action necessary.*

18. Discussion and possible action to approve additional funding for roadway improvements budgeted for Fiscal Year 2006-2007 Capital Improvements at \$50,000 for Vista Grande Boulevard and Plymouth Drive improvements estimated at \$91,444.70 to be completed as part of Douglas County's 2006 Road Seal Project: General Manager Longhofer informed the Board of Trustees that he received a revised estimate from Douglas County in the amount of \$110,000. He stated that Douglas County's original estimate for the 2006 Road Seal Project was \$650,000 which is now at \$850,000. Chairman Swanson inquired if the County bid the project per square foot or a lump sum cost. General Manager Longhofer clarified that Vista Grande Boulevard and Plymouth Drive would be two separate projects which were calculated at a unit cost per square foot.

General Manager Longhofer discussed budgeted amounts in the 2006-2007 General Fund budget for street repairs and maintenance supplies and contracts. Vice Chairman Evans questioned the estimate from Douglas County including stripping and other painting when District staff could paint the streets. General Manager Longhofer explained that the District's

equipment is mainly used for parking lots and the cost estimate for painting is minor but the District could paint the streets if required. General Manager Longhofer recommended that both Vista Grande Boulevard and Plymouth Drive are chip sealed. Chairman Swanson asked if \$110,000 was available in the budget. General Manager Longhofer explained that there are amounts budgeted for streets repairs and maintenance supplies and contracts. He might also be able to reduce the payment to Douglas County for termination of the interlocal agreement for Vista Grande improvements from \$70,000 to \$35,000.

Engineer Randall informed the Board of Trustees that he is concerned about Vista Grande between Mica and Opalite because of upcoming construction projects such as Valley Vista Phase 7 and the development of commercial property adjacent to Vista Grande north of Mica. He is concerned that Vista Grande would be torn up to run a sewer line after chip sealing is completed. Chairman Swanson asked if there were any issues with chip sealing Plymouth Drive. Engineer Randall stated that Plymouth Drive is more recent in age than Vista Grande north of Mica. He mentioned that the section on Vista Grande north of Mica is the oldest part of the District and that is a reason for its condition. General Manager Longhofer inquired if the District would be required to install a sewer line. Engineer Randall explained that the sewer line on Indian Drive is at capacity because sewage from new development in that area gets routed over to the sewer line on Indian Drive and it gets more and more overloaded. He stated that the capacity issue might be alleviated once the County disconnects its commercial area. He stated that a sewer line would have to be installed for any new development south of Mica.

Chairman Swanson stated that it does not make sense to chip seal Vista Grande at this time and that it appears that the District has available funding to chip seal one street but not both. Engineer Randall recommended an extension of the sewer line up Vista Grande to serve the proposed development of townhouses to reduce the load on the Indian Drive sewer line.

Public Interest Comment: Michelle LaFontaine inquired if the District would be losing any money if the project is done by Douglas County. Chairman Swanson clarified that the project is exclusively funded by the District. He stated that there might be additional money spent by the District for quality control and inspections.

Secretary/Treasurer Lau moved to approve additional funding for roadway improvements budgeted for Fiscal Year 2006-2007 Capital Improvements at \$50,000 for Plymouth Drive improvements estimated at \$52,993.50 to be completed as part of Douglas County's 2006 Road Seal Project. Seconded by Trustee Patrick.

Attorney Brooke suggested that the Board approve an amount, preferably a not to exceed amount, according to the unit price estimated by Douglas County because the revised estimate received is higher than the original estimate. General Manager Longhofer recommended a not to exceed amount of \$60,000.

Secretary/Treasurer Lau agreed to amend the motion to approve additional funding for roadway improvements budgeted for Fiscal Year 2006-2007 Capital Improvements at \$50,000 for Plymouth Drive improvements not to exceed \$60,000 to be completed as part of Douglas County's 2006 Road Seal Project. Seconded by Trustee Patrick. Motion carried 4 to 0.

Break at: 8:40 P.M.

Reconvened at: 8:55 P.M.

14. **Discussion and possible action to approve a Large Purchase Order in the amount of \$4,850 payable to SPW Communications for installation and purchase of updated meeting room communications equipment and meeting audio recording/duplication equipment:** Executive Assistant Vicki Reifer informed the Board of Trustees that the General Manager has a purchasing authority up to \$5,000 for budgeted items but thought it would be appropriate to agendize the matter for the Board's consideration because the amount was close to the General Manager's purchasing limit. She commented on tripping hazards due to exposed wires used for the District's current tape recorder and PA system. The purchase order includes purchasing and installation of wireless microphones, amplifier and Tascam cd audio recorder.

Public Interest Comment: (none)

Secretary/Treasurer Lau moved to approve a Large Purchase Order in the amount of \$4,850 payable to SPW Communications for installation and purchase of updated meeting room communications equipment and meeting audio recording/duplication equipment. Seconded by Trustee Patrick. Motion carried 4 to 0.

There were discussions that wires might have been installed in a hole in the concrete sub floor of the meeting room located near the conference table at the time the main office was built. Chairman Swanson suggested that the floor is checked for a possible hole in the concrete and for wiring after the meeting.

15. **Discussion and possible action to approve a payment in the amount of \$10,413.95 payable to General Manager Dennis Longhofer for Legal Representation costs incurred associated with issues at the June 29, 2006 Special Board of Trustees Meeting:** Attorney Brooke received a copy of the bill. He also obtained a copy of the initial retainer agreement from Jack E. Kennedy and Associates. Attorney Brooke informed the Board of Trustees that he reviewed the time and it appears to have been expended according to the retainer agreement entered into. Chairman Swanson inquired if it is a cost that the District can legally approve. Attorney Brooke responded that it is the Board's discretion to approve or not approve. Chairman Swanson asked what the alternative is if the Board does not approve the payment. Attorney Brooke responded that there might be a potential continuation of the issue if the Board does not approve payment. He suggested that the Board ensures that there would not be a continuation of the issue and requests an execution of a release in favor of the District regarding the matter if the Board approves payment. Chairman Swanson asked if there is justification for payment. Attorney Brooke believes that there is justification in that the General Manager was reasonable in his response to the situation. General Manager Longhofer's Attorney spent a lot of time to investigate the matter in order to protect General Manager Longhofer's interest. Attorney Brooke commented that the issue was important and not insignificant. He stated that the charges were reasonably incurred and it is reasonable for the District to look at paying the fees if the Board determined that the action was not justified to begin with.

Vice Chairman Evans thought a simple solution would have been to take a test just as other employees would have been required to take a test. He asked if the Attorney that represented General Manager Longhofer charged for intimidating the employees. Attorney Brooke did not have a response to Vice Chairman Evan's question on the matter of intimidation. He explained that the itemization received is for several investigators that contacted employees to obtain affidavits. He never spoke with anyone regarding their particular response. Vice Chairman Evans commented that a few employees informed him of a remark made by an investigator stated over the telephone, "You are not in Nazi Germany anymore and you are in a free Country to make your own decision." He did not like that approach to the employees and

thought the remark was putting a lot of pressure on the employees. Vice Chairman Evans read a comment into the record as requested by Trustee Baer who was not present at the meeting as follows. Trustee Baer could not find anything in District policy nor in the Nevada Revised Statutes regarding General Manager Longhofer's Attorney fees. Trustee Baer requested that his concern is addressed by Attorney Brooke. Attorney Brooke clarified that it is the Board's discretion to approve or not approve payment.

Trustee Patrick inquired on the possibilities that the matter would be continued in a court of law if it was not resolved by the District. He commented that more expenses could be incurred by the District for additional Attorney fees. Vice Chairman Evans stated that the District's previous General Manager had to pay for his own Attorney fees of approximately \$11,000 about six to seven years ago because a few Trustees were accusing him of misconduct. Chairman Swanson asked if the previous General Manager was terminated. Vice Chairman Evans answered no.

Secretary/Treasurer Lau stated that this issue would possibly be very common and an appropriate matter for the Board's consideration since the Board voted that what occurred did not happen appropriately. Vice Chairman Evans stated that what happened to General Manager Bentley almost seven years ago was not exactly appropriate and that after reading the June 29, 2006 Board of Trustees meeting minutes, he disagreed whether anything was inappropriate.

Public Interest Comment: Ron Lynch stated that he became involved with the District and started attending Board meetings because of the city-hood issue. He stated that to the best of his knowledge, the District spent almost \$50,000 or more on city-hood efforts which was pushed by some of the past Board members over the protest by many of the residents of Indian Hills. He stated that the action against General Manager Longhofer was brought upon by the Board but was initiated by Trustee Baer. He mentioned that before the June 29, 2006 Board of Trustees meeting, Trustee Baer said to him that he had to let General Manager Longhofer go and that Dennis Longhofer was the third choice. It was his opinion that Trustee Baer has something against General Manager Longhofer. He stated that the Board did not follow its own policy. He read a section of the District's personnel policy as follows. Based on probable cause or reasonable suspicion, employees will be required to submit to drug or alcohol testing. Prior to requiring such testing, a Supervisor shall articulate the basis for his or her suspicion to the employee. Whenever possible, the basis for the probable cause or reasonable suspicion will be communicated to either the General Manager or to District Counsel. Ron Lynch commended Attorney Brooke on his statement at the June 29, 2006 Board of Trustees meeting that Attorney Brooke was not consulted on the matter. Ron Lynch stated that General Manager Longhofer must have a lot of integrity because of his longevity of employment with his previous employer. He stated that if he was accused of something he did not do, he would do exactly what the General Manager did because it would be one's reputation on the line. He referred to the employee affidavits which state positive comments by employees about General Manager Longhofer. Ron Lynch recommended that General Manager Longhofer should not be required to pay for his own defense because it was initiated by one Board member and that he disagrees with Vice Chairman Evans.

Michelle LaFontaine mentioned that she missed the last two months of the Board of Trustees meetings. She stated that it would have been easier to pay about \$40.00 to do a drug test especially if you have not done anything wrong and that \$40.00 is a lot different than \$10,000. She did not understand the management issue. She stated that at her employer, a drug test is requested if there is suspicion. She stated that her husband is against payment. She is also against payment because it is the taxpayers' money. She did not know the whole story regarding the issue.

Ron Lynch commented on the affidavits. He stated that the employees stated in their testimony that General Manager Longhofer was fine.

Trustee Patrick moved to approve payment in the amount of \$10,413.95 subject to release of liability of the Indian Hills General Improvement District, payable to General Manager Dennis Longhofer for Legal Representation costs incurred associated with issues at the June 29, 2006 Special Board of Trustees Meeting. Seconded by Secretary/Treasurer Lau. Chairman Swanson voted aye, Secretary/Treasurer Lau voted aye, Trustee Patrick voted aye, Vice Chairman Evans voted nay. Motion carried 3 to 1.

General Manager Longhofer stated that there still should be some accountability for someone who makes false accusations. He referred to a comment made by a resident at the June 29, 2006 meeting in regards to the District's options of forgiveness or going to war. He stated that the District is ready to move on to something positive. Chairman Swanson stated that the positive action made on the issue demonstrated a majority of Board members in support of the General Manager.

- 16. Discussion and possible action to accept the amended Debt Management Policy and Five Year Capital Improvement Plan per NRS 350.013 and NRS 354.5945 of the State of Nevada's Department of Taxation Indebtedness Report for Fiscal Year 2006-2007:** The Board of Trustees reviewed the Debt Management Policy and Five Year Capital Improvement Plan. General Manager Longhofer mentioned that the documents need to be submitted to the State of Nevada Department of Taxation by August 1, 2006. Chairman Swanson recommended confirmation that the debt payment schedule is connected to the budget which should be indicated in next month's budget reports.

Public Interest Comment: (none)

Trustee Patrick moved to accept the amended Debt Management Policy and Five Year Capital Improvement Plan per NRS 350.013 and NRS 354.5945 of the State of Nevada's Department of Taxation Indebtedness Report for Fiscal Year 2006-2007. Seconded by Vice Chairman Evans. Motion carried 4 to 0.

- 17. Discussion and possible action to approve IHGID Board of Trustees to enroll in the "Leadership Douglas County Program" and to approve that the District incurs the cost of the tuition enrollment fee of approximately \$600 to \$750 per each interested Trustee:** Chairman Swanson stated that enrollment in the program would pertain to Secretary/Treasurer Lau exclusively because all other Board members are up for election.

Public Interest Comment: (none)

Trustee Patrick moved to approve up to \$1,500 dollars to enroll in the "Leadership Douglas County Program" for any interested Board members and including the General Manager. Seconded by Vice Chairman Evans. Motion carried 4 to 0.

- 19. Discussion and Ratification of changing the meeting date of the regular monthly Board of Trustees meeting for the month of August 2006 from Wednesday, August 16, 2006 to either Wednesday, August 2, 2006, Wednesday August 9, 2006 or Wednesday August 30, 2006:** General Manager Longhofer recommended that the regular monthly Board of Trustees meeting be held on August 9, 2006 because the District's Executive Assistant will be on

vacation for the August 16, 2006 meeting and that Johnson Consultant is available on August 9, 2006 to present loan options for upcoming District capital improvements.

Public Interest Comment: (none)

Attorney Brooke informed the Board of Trustees that he would not be able to attend a meeting on August 9, 2006 but would have other Legal Counsel present. Vice Chairman Evans read a comment into the record as requested by Trustee Baer who was not present at the meeting as follows. Trustee Baer does not want the meeting date changed.

Chairman Swanson entertained a motion to change the meeting date of the regular monthly Board of Trustees meeting for the month of August 2006 from Wednesday, August 16, 2006 to Wednesday, August 9, 2006. So moved by Vice Chairman Evans. Seconded by Trustee Patrick. Motion carried 4 to 0.

- 20. Chairman and Trustees' Reports:** Trustee Patrick referred to the request made by Ron Lynch at the June 21, 2006 Board of Trustees meeting where 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 stated that he would like to know where the money went. General Manager Longhofer stated that he contacted Ron Lynch by telephone to explain what he knew about it and that the District is being more accountable with its revenue. He stated that Ron Lynch seemed to accept his explanation. There was discussion amongst the Board of Trustees about the handling of the District's revenue in the past and that the District is now being proactive to be more accountable when managing its revenue.

Secretary/Treasurer Lau inquired from Attorney Brooke if he found any information regarding promotion of candidates in the District's newsletter. Attorney Brooke informed the Board of Trustees that information was provided to the District's Executive Assistant on the matter. He determined that it was inappropriate to allow political solicitations of candidates but it was appropriate to have a candidate's forum.

Secretary/Treasurer Lau discussed a report placed in her mailbox from Anderson Consulting regarding an employee matter. She asked what was going to happen. General Manager Longhofer clarified that the matter is confidential. He did not know if the matter should be discussed. Attorney Brooke stated that the matter loses its confidentiality if it is discussed. He stated that the report was provided to the Board of Trustees for information and that a Trustee should follow up with the General Manager at another time if there are any questions.

Trustee Patrick discussed Resolution 99-11. He stated that the Resolution is not being adhered to by some of the Board and Trustees should not circumvent the General Manager's authority. He asked if there were any liabilities for the District if Board members do not adhere to the Resolution.

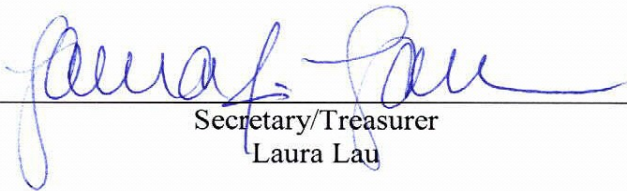
Chairman Swanson requested an agenda item at the next meeting for the Board's consideration to approve attendance at the Nevada League of Cities 47th annual conference.

- 21. Adjournment:** *Trustee Patrick moved to adjourn the meeting at 9:31 P.M. Seconded by Vice Chairman Evans. Motion carried 4 to 0.*

The next regular Board of Trustees meeting will be on Wednesday August 9, 2006 at 7:00 P.M.

Exhibit A General Manager's Report
Exhibit B Engineer's Report
Exhibit C Resident Michelle LaFontaine's Valley Vista open space map regarding motorized vehicles

FINAL APPROVED MINUTES AS PRESENTED



Secretary/Treasurer
Laura Lau