

**Round Hill General Improvement District
Board of Trustees Meeting
October 18, 2011**

Tuesday

6:00pm

1. Meeting Called to Order. (Side A/c#1)

Meeting was called to order by Chairman Glen Smith.

2. Pledge of Allegiance. (Side A/c#2)

Pledge of Allegiance was led by Chairman Glen Smith.

3. Roll Call. (Side A/c#5)

Chairman Glen Smith, Vice Chairman Steve Teshara and Trustee Steve Seibel were present. The District Manager and District Counsel were present. Beth Farley of Kohn Colodny was present.

4. Public Comment. (Side A/c#7)

Chairman Smith has received input from a resident concerning the snow storage on Seminole Way. Manager Reed spoke to the resident and stated that he would attempt to address the issue in the next budget cycle. He also stated that during the paving project on Elks Point Road he would attempt to cut the pavement to allow for snow storage.

5. Approval of Agenda. (Side A/c#57)

Motion to approve the agenda as presented. Teshara/Seibel 3-0 approved.

6. Presentation of the 2010/2011 Audit Report by Kohn Colodny and acceptance and adoption of current year recommendations. (Side A/c#60)

The 2011 Audit was presented to the Board by Beth Farley of Kohn Colodny. After discussing the Manager's Discussion and Analysis report regarding economic instability, Vice Chairman Teshara commented that the recent rate increase to the water base rates was not wholly due to a reduction in revenues combined with inflationary pressures and the current economic instability. A formal Capital Improvement Plan coupled with a detailed rate structure analysis led the Board to develop a sound fiscal program going forward. This sound fiscal management included implementing smaller, more frequent rate increases to avoid larger, less frequent increases as have been done in the past. The District has always advocated conservation.

Chairman Smith stated that the District does have a long term C.I.P. which is analyzed to develop the District's rate structure.

Chairman Smith would also like to see a notation on the profit and loss statement regarding the Unfunded Liability for PEBS retirement. Manager Reed will incorporate such a notation in the next budget cycle.

Beth noted that there were a couple of audit control issues that should be strengthened. Staff will make changes to accommodate these issues.

Motion to accept and approve the 2010/2011 audit prepared by Kohn Colodny, LLP and formally adopt the current year recommendations. Teshara/Seibel 3-0 approved.

7. Discussion and possible action to authorize staff to file a Claim of Lien against the property located at 299 Elks Point Road. (Side B/c#30)

Motion to approve filing a Claim of Lien against the property located at 299 Elks Point Road. Seibel/Teshara 3-0 approved.

8. Discussion and possible action to authorize the second SRF Loan Draw. (Side B/c#61)

Manager Reed stated that the District had previously received one draw in the amount of \$68,000 for the construction of the new tank, replacement of new pumps and BMP's. The Board must decide how much of the SRF loan will be used for the project and how much we will use from reserves.

As presented in the rate structure analysis, the District needs to maintain a minimum of \$750,000 in reserves in the water fund for operations, emergencies and capital reserves. As of the completed audit of June 30, 2011, the District currently maintains \$1,783,677 in reserves in the water fund. Some of these reserves can be used to pay for the water tank project.

If the District were to borrow the entire \$1,200,000 with an interest rate of 3%, the District would incur a debt payment of \$85,000 per year. At \$900,000, we can expect a debt service of \$65,000 and by borrowing \$500,000 we would incur \$35,000 in debt service.

The District has the cash in the checking account to cover the entire anticipated costs of the project.

The project will not be complete this calendar year. The debt service principal and interest payments are due upon completion of the project. Prior to project close out, the District pays interest only on the amount of money that has been drawn.

No motion was made at this time and discussions will continue in the future.

9. Discussion and possible approval to move forward with the 2011 Intergovernmental Grant Agreement offered by the US Department of Agriculture through South Tahoe Public Utility District. (Side B/c#240)

As discussed at previous meetings, the devastation caused by the Angora Fire provided the TWSA and STPUD with the opportunity to tout fire protection efforts as a reasonable pursuit for Federal dollars. At the March, 2009 quarterly meeting of the TWSA, STPUD acknowledged that the efforts of the Association's members had paid off, and that \$5,000,000 had been awarded as part of a grant through the US Forest Service (USFS).

In 2010, another \$5,000,000 was awarded and the third installment of this grant process is for \$1,000,000 for 2011. The Board has approved receipt of the past two grants. This is another 50 / 50 matching grant. To date, the District has received approximately \$135,000 through this program and the 2011 grant is for nearly \$14,000 in additional grant proceeds.

Motion to approve the 2011 Intergovernmental Grant Administration Agreement between STPUD and RHGID to be used to offset the costs of design and construction of a new water storage tank at the District's office site at 343 Ute Way. Teshara/Seibel 3-0 approved.

10. Consent Calendar. (Side B/c#258)

Motion to approve the minutes of September 20, 2011 as amended.

Motion to approve the balance of the consent calendar as presented. Seibel/Teshara 3-0 approved.

11. Staff Reports. (Side B/c#325)

Work continues on the new 500,000 gallon water storage tank at the District's offices. The first flight of panels have been installed and welded. The contractor has started to install the second flight of steel. The current schedule calls for completion of the tank by the end of October 2011. Weather will ultimately dictate the completion date of the tank, but the project will not be complete until next year. The contractor has been informed that the District does not favor attempting to push the tank project through to completion if doing so will sacrifice the quality of the project.

District staff drafted and mailed a letter to Mr. Frank Forvilly regarding the sealing of the access road to Round Hill Pines Beach. The District Manager received a call from Mr. Forvilly prior to mailing the letter. He was inquiring about the Board's decision at the September Board meeting. Mr. Forvilly was informed that a letter was being drafted detailing the Board's decision to reimburse him for \$1,000 for sealing the access road. Mr. Forvilly was not happy with this response. Mr. Forvilly has not contacted the district since the letter was sent.

District staff met with representatives from Farr West Engineering to discuss the development of proposals for future improvement projects which include replacement of the District's pressure regulating valves, construction of a restroom facility at the treatment plant and repair / replacement of specifically identified sewer sections.

District staff met with a representative of the Nevada Division of State Lands (NDSL) to discuss the District's drainage easement behind the property at 324 Elks Point Rd. The question posed to NDSL was cleaning / repairing the drainage swale behind the homes in that area could be eligible for NDSL erosion control project funding. It was determined that it was unlikely that the project would qualify for funding.

Summit Plumbing was contracted to conduct a camera investigation at 261 Cheyenne Circle to determine the location of a root infestation. The video showed that the root blockage was in the customer's lateral. However, during the camera investigation, additional root problems were encountered in the District's main and were removed by Summit.

The snow blower has been repaired and returned to the District. The total rehabilitation of the unit has extended the life of the unit and was well done by the vendor. Repairs to the blower were done in lieu of purchasing a new blower. Purchasing a replacement blower would have cost the District \$125,000. The unit that was envisioned with the District's budget line item of \$50,000 was determined after the fact not to be in the interests of the District to purchase. It would have been under powered and would not have served the District's needs.

District staff met with representatives from S.T.P.U.D. as they conducted an audit of the District's tank project in conjunction with the U.S.F.S. grant. The S.T.P.U.D. provided us with some posters and found all other aspects of the tank project to be within required parameters.

District staff attended the City of South Lake Tahoe's Council meeting to be present at a presentation given by the staff of the Lahonton Water Quality Board regarding pesticide use within the basin. The Council took no action following the presentation. The TWSA continues to monitor this issue and continues to oppose the use of herbicides and pesticides within the Lake Tahoe basin.

District staff met with representatives from Thunderbird Communications regarding maintenance of the District's SCADA system. The District is pursuing options to solicit the services of a new SCADA maintenance Company.

District staff has responded to several calls regarding the recent rate increase. Most callers understood the need for the rate increase.

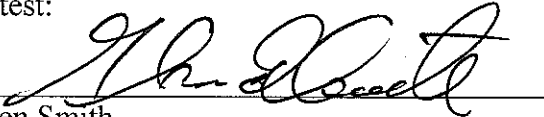
12. Correspondence. (Side C/c#15)

None.

13. Adjournment. (Side C/c#18)

Motion to adjourn. Teshara/Seibel 3-0 approved.

Attest:



Glen Smith
Chairman



Steve Teshara
Vice Chairman