

**Round Hill General Improvement District  
Board of Trustees Meeting  
April 16, 2013**

**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#6)**

Chairman Glen Smith, Vice Chairman Steve Teshara, Trustees Wesley Rice, Chuck Fagen and Steve Seibel were present. The District Manager, District Counsel and Administrative Assistant were present. Representative Tim Minister from the Tranquility Estate was present.

**4. Public Comment. (Side A/c#9)**

None.

**5. Approval of Agenda. (Side A/c#11)**

Motion to approve the agenda as presented. Rice/Teshara 5-0 approved.

**6. Discussion and possible action on a presentation by Tahoe Douglas Fire District Chief Ben Sharit. (Side A/c#13)**

This item was tabled until the May 21, 2013 Board meeting.

**7. Discussion and possible action to approve a special services contract for the Tranquility Estate. (Side A/c#17)**

Manager Reed gave a power point presentation detailing the changes in billing based on water used in 2012.

The attached contract was approved by Mr. & Mrs. Horowitz for the Tranquility Estate. Attorneys for the District and the Horowitz's have reviewed and agreed to the contract terms. This agreement constitutes a special service consideration due to the unique characteristics of the Tranquility Estate.

As indicated, the contract clarifies the billing procedures for each of Tranquility's four metered connections and their three un-metered fire sprinkler systems.

Decreasing the irrigation rate for this property will result in reduced revenue for the District based on similar metered consumption. However, by reducing the rate, the customer has expressed a desire to use additional irrigation water.

After discussions a motion was made to approve the special agreement contract for the Tranquility Estate. Teshara/Fagen 5-0 approved.

**8. Discussion and possible action to authorize the District Manager to respond to the March 28, 2013 letter from Paso Robles Tank. (Side A/c#298)**

Manager Reed reported that District staff and Brian McRae from Lumos and Associates met with representatives from Paso Robles Tank (PRT) to discuss the imposition of Liquidated Damages (LD) against PRT. PRT presented no new arguments or created any compelling reasons that the District should change its position regarding Liquidated Damages. After that meeting, PRT responded to the District with a letter dated March 28, 2013.

As fall approached in 2011, RHGID and PRT agreed to suspend construction of the tank over the winter and to continue construction in May 2012. Toward that end, a formal change order to the contract was created, depicting June 11, 2012 as the date for “substantial completion”. The new tank was put on line on August 29, 2013 and the “substantial completion” inspection was conducted on September 7, 2013.

RHGID has amassed, at a minimum, the following costs due to PRT missing their contractual deadline.

Internal labor =	\$11,000 +
Lumos & Associates =	\$12,000 +
Allison, MacKenzie =	\$ 9,400 +

The Board should consider the following:

- a. Legal counsel believes the District is on solid legal standing.
- b. The Nevada courts generally do not favor Liquidated Damages.
- c. The District had previously offered to reduce the Liquidated Damages we are holding by \$9,000 and received no response from PRT prior to the requested deadline.
- d. If PRT files suit against the District, we are likely to incur more legal fees than the money we are holding from PRT.

Based on the following facts:

1. Change order #5, dated November 8, 2011 sets the substantial completion date as June 11, 2012.
2. Paso Robles Tank missed that deadline as evidenced by the fact that the substantial completion inspection did not occur until September 7, 2012.
3. The contract stipulates Liquidated Damages in the amount of \$1,000 per day for each day that expires after the time specified for Substantial Completion until the work is substantially complete.
4. June 11th to September 7<sup>th</sup> is 87 days , excluding July 4<sup>th</sup>.
5. The District has held \$62,000 as Liquidated Damages based on 62 working days rather than 87 calendar days.

After discussions a motion was made to authorize the District Manager to compose and deliver a response to Paso Robles Tank denying their assessment of costs and maintaining the District’s position as previously conveyed. Rice/Seibel 5-0 approved.

**9. Discussion and possible action to authorize the District Manager to Contract with Bickmore to calculate our G.A.S.B. 45 contribution for the next three fiscal years at a cost not to exceed \$6,000.00. (Side A/c#531)**

Manager Reed reported that the creation of the GASB 45 regulation requires that the District calculate the expected financial liability of health insurance benefits for future District retirees. For the past several years, this calculation has been created as part of our annual audit.

The Board had directed staff to monitor this calculation and to build at least a partial payment of the liability into our budget process. To date, the District is carrying \$195,649 as our potential future liability and \$16,000 has been allocated through the budget process.

The Board voiced concerns over the potential future impact of this liability. Manager Reed recommended that staff ensure the validity of the liability calculation by utilizing an actuarial specialist. Bickmore is an actuarial specialist, and is the same company that Tahoe Douglas Fire District uses. Bickmore has proposed to calculate our liability for the next three years for \$5,000 or \$1,666.67 per year.

Motion authorizing the District Manager to Contract with Bickmore to calculate our G.A.S.B. 45 contribution for the next three fiscal years at a cost not to exceed \$6,000.00. Seibel/Fagen 5-0 approved.

**10. Consent Calendar. (Side B/c#1)**

Motion to approve the consent calendar as presented. Rice/Teshara 5-0 approved.

**11. Staff Reports. (Side B/c#160)**

District staff is pursuing alternative health insurance models for the District Manager. Currently, the District Manager is enrolled in the Public Employees Benefits Program (PEBP) for health insurance. Beginning July 1, 2013 the premiums are scheduled to increase from \$1,229 per month to \$1,770 per month, an increase of \$541 or 44%. Since 2007, the insurance premiums have sky-rocketed from \$497 per month, a total 256% increase.

In addition to researching other insurance options with our insurance agent, District staff has conducted the following research:

RHGID is in the "Non-State Employee" pool for health insurance. This pool, once 9,500 active employees strong, is now down to 62 employees. This small pool is the driver behind the rate increases as evidenced by the fact that the State Employees rates are currently \$830 per month and they are not changing on July 1. The State employee pool currently has 23,500 people enrolled; a much bigger pool over which to spread the risk, and thus, the costs.

In addition to the smaller pool, current active employee rates are also driven by the additional expense of subsidizing Non-State Employee Retirees, a pool of 3,800 retirees.

Maintaining separate pools for state and non-state employees is provided by Statute. SB 34, currently before the Legislature, would move the 62 non-state active employees into the State active employee's pool and create one single pool. Passage of SB 34 could decrease the Districts premiums to levels comparable to the rates paid by the state.

If SB 34 is adopted, it may be feasible for the district to maintain the District Manager's insurance with PEBP. If SB 34 is defeated, the District should consider alternative insurances.

Manager Reed continues to monitor the Nevada Legislative activities. RHGID submitted written testimony against AB 157 which would have allowed customers with more than one acre to drill a well and would have limited the Districts' potential to earn revenues. District staff was also prepared to provide oral testimony, but the sponsor agreed to pull the bill prior to receiving all public testimony. Both the State Water Rights Engineer and the Bureau of Safe Drinking Water were opposed to this bill.

AB 231 would have had the County Commissioners appoint replacement Trustees if a sitting Trustee resigned. RHGID submitted written testimony against this bill. The sponsor of the bill agreed to remove NRS 318 GID's (as RHGID) from the requirements of this bill.

Manager Reed participated on the Douglas County hiring panel for a new Utilities Superintendent. Douglas County has several viable alternatives from the people interviewed.

Attached is Farr West Engineering's memo letter regarding the implementation of an ad valorem tax. The next step is for District staff to meet with Terry at the Douglas County finance department and bring additional information back to the Board for consideration.

R.O. Anderson solicited bids for the 2013 paving on April 11<sup>th</sup>. A presentation for award of the paving bid will be on the May Board agenda.

The construction of the new home in Round Hill between the Chaiken and Schmitt homes continue to occupy District staff time for design queries from multiple agencies, and for facilities locations in the field.

District staff responded to requests for assistance in locating facilities for the construction of the bicycle path extension through Round Hill and also to inquiries regarding facilities locations at the Round Hill Pines Resort.


District Counsel Pat Fagan discussed an opinion letter the Gardnerville Ranchos GID received from Rowe Hales Yturbide, Attorneys at Law regarding Douglas County permitting. District Counsel recommends awaiting the response from Douglas County before proceeding further. No action was taken as a result of this discussion.


Chairman Smith presented a compilation of the individual evaluations of Manager Reed. Chairman Smith will present the evaluation to Manager Reed when they meet for their regularly scheduled meeting on May 2, 2013. No action was taken on this item.

**12. Adjournment. (Side C/c#800)**

Move to adjourn. Seibel/Fagen 5-0 approved.

Attest:

  
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Glen Smith  
Chairman

  
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Wesley Rice  
Secretary

## SPECIAL SERVICE AGREEMENT

This SPECIAL SERVICE AGREEMENT ("AGREEMENT") is entered into this 16<sup>th</sup> day of April, 2013 by and between ROUND HILL GENERAL IMPROVEMENT DISTRICT, a Nevada general improvement district ("RHGID"), and JOEL JAY HOROWITZ and ANN A. HOROWITZ (collectively herein "HOROWITZ").

### RECITALS

WHEREAS, HOROWITZ owns real property in Douglas County, State of Nevada, more particularly described as 525 Highway 50, APN 1318-10-000-007 (the "PROPERTY") which receives water and sewer service from RHGID;

WHEREAS, HOROWITZ's water and sewer service needs and historical use show that such service is unique and of a special nature;

WHEREAS, the Round Hill General Improvement Water and Sewer Service Tariffs address and govern RHGID's provision of services to its customers and both tariffs include Rule 3.D which permits RHGID to enter into agreements with customers with unique service requirements; and

WHEREAS, RHGID and HOROWITZ desire to enter into this Agreement to address the manner in which HOROWITZ, as owner of the PROPERTY, is billed for the services provided by RHGID as a result of the PROPERTY's unique water and sewer service needs.

NOW THEREFORE, for good and valuable consideration the receipt of which is hereby acknowledged:

1. RHGID has the authority to enter into a Special Service Agreement with any customer whose requirements for service are of a special nature pursuant to the Round Hill General Improvement Water and Sewer Service Tariffs Rule 3.D.
2. The parties agree and acknowledge that the water and sewer service necessary to serve the PROPERTY is special and unique. Specifically, the PROPERTY encompasses an area in excess of 200 acres, large portions of which are landscaped, upon which several buildings have been constructed including, but not limited to, a main house, a caretaker's home and a pool house. Moreover, the PROPERTY has four water and sewer lines servicing the multiple buildings on the PROPERTY, landscape irrigation and service to three fire suppression sprinklers.
3. Pursuant to the Round Hill General Improvement Water and Sewer Service Tariffs, the parties agree that HOROWITZ, as owners of the PROPERTY, will be billed for water and sewer service by RHGID as follows:

A. Main House Meter

(1) Water Service - The water service provided to the main house will be billed at a residential 1.5 inch tariff rate.

(2) Sewer Service - The sewer service provided to the main house will be billed at the District's sewer tariff for domestic (residential) meters sized greater than .75 inches.

B. Caretaker's House Meter

(1) Water Service - The water service provided to the caretaker's residence will be billed at the residential 1.5 inch tariff rate between December and March billing cycles. Between April and November billing cycles, the water service provided to the caretaker's residence will be billed at the residential 1.5 inch tariff rate for all service less than 5,000 gallons, at the non-tariff rate of \$6.50 per thousand gallons for service between 5,001-68,000 gallons and at the non-tariff rate \$8.50 per thousand gallons for service in excess of 68,000 gallons.

(2) Sewer Service - The sewer service provided to the caretaker's residence will be billed at the District's sewer tariff for domestic (residential) meters sized greater than .75 inches. Between the April and November billing cycles, this sewer tariff will only be charged on the first 5,000 gallons of water consumed.

C. Pool Meter

(1) Water Service - The water service provided to the pool will be billed at a residential 1 inch tariff rate.

(2) Sewer Service - The sewer service provided to the pool will be billed at the District's sewer tariff for domestic (residential) meters sized greater than .75 inches. Additionally, in the event the pool needs to be filled, HOROWITZ agrees to provide RHGID with 10 days prior notice of the date and time when the pool will be filled. RHGID agrees to be present immediately prior to and following the time when the pool is to be filled and read the meter on the water line providing service to the pool immediately before and after the pool is filled. The water service provided to fill the pool, based upon the meter readings taken by RHGID before and after the pool is filled, will be billed at the swimming pool tariff rate.

D. Irrigation Meter - The water service provided for irrigation service will be billed at the non-tariff rate of \$6.50 per thousand gallons for service between 0-500,000 gallons, at the non-tariff rate of \$8.50 per thousand gallons for service between 500,001-700,000 gallons and at the non-tariff rate of \$10.50 per thousand gallons for service in excess of 700,000 gallons.

E. Fire Suppression - The three fire suppression sprinkler systems will each be billed at the monthly tariff charge for a 2 inch private fire protection service.

4. HOROWITZ, as owner of the PROPERTY, agrees and guarantees that they will pay for all water and sewer services received from RHGID pursuant to the terms of this

Agreement and further agrees and acknowledges that, with the exception of the specific non-tariff rate structures detailed herein, specifically those for water service provided for irrigation and for service to the caretaker's residence in excess of 5,000 gallons between the April and November billing cycles, all other laws and administrative codes, including but not limited to RHGJD Tariffs and rates, apply to the PROPERTY as they would to any other RHGID customer. Accordingly, in the event the PROPERTY is being billed at a tariff rate, as identified herein, and that rate is modified in the RHGID Tariffs, the PROPERTY will be billed at the RHGID Tariff rate as modified, like any other RHGID customer. Moreover, RHGID reserves the right to modify the non-tariffed rates utilized in this Agreement as deemed appropriate by RHGID.

5. This term of this Agreement shall be one year from the date herein and shall automatically renew for additional one year periods every year thereafter unless either party provides notice of intent to terminate the Agreement in writing sixty (60) days before the automatic renewal.

6. This Agreement cannot be modified or amended unless a written modification or amendment is executed by both parties hereto. The parties agree that in the event any RHGID Tariff rate is modified, regardless of whether it is a tariff rate which the PROPERTY is charged pursuant to this Agreement, the non-tariff rates provided for in this Agreement will be reviewed by RHGID and RHGID will amend the non-tariff rates and this Agreement if deemed necessary by RHGID in accordance with its tariffs and Chapter 318 of the Nevada Revised Statutes.

7. This Agreement shall be binding upon and inure to the benefit of the owner of the PROPERTY to which RHGID provides water and sewer service.

8. If any dispute arises regarding the interpretation or enforcement of this Agreement, the prevailing party will recover from the other all costs, attorneys' fees and other expenses incurred by the prevailing party with regard to that dispute.

9. Should any provision of this Agreement be adjudged or otherwise rendered void or unenforceable, the remaining provisions shall remain in effect, and the Agreement shall be construed to comport with the intents and purposes of the parties hereto as of the time of execution of this Agreement.

10. This Agreement shall be governed by Nevada law.

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11. This Agreement may be executed in counterparts and by facsimile signature.

IN WITNESS WHEREOF, the parties have hereunto set their hands on the date and year first above written.

"HOROWITZ"

"RHGID"

*Joel Jay Horowitz*  
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 JOEL JAY HOROWITZ  
  
*Ann A. Horowitz*  
 \_\_\_\_\_  
 ANN A. HOROWITZ

ROUND HILL GENERAL  
 IMPROVEMENT DISTRICT, a  
 Nevada general improvement district  
  
 By: *A. Gregory Reed*  
 \_\_\_\_\_  
 A. GREGORY REED.  
 General Manager

STATE OF New York )  
 ) :SS  
 COUNTY OF New York )

On April 11<sup>th</sup>, 2013, personal appeared before me, a notary public, JOEL JAY HOROWITZ and ANN A. HOROWITZ, personal known (or proved) to me to be the persons whose names are subscribed on the foregoing document, who acknowledged to me that they executed the foregoing document.

*Ettere Melissa Kim*  
 \_\_\_\_\_  
 NOTARY PUBLIC

ETTERE MELISSA KIM  
 Notary Public, State of New York  
 Qualified in New York County  
 No. 01ET6217651  
 My Commission Expires 02-16-2014

STATE OF New York )  
 ) :SS  
 COUNTY OF New York )

On April 16<sup>th</sup>, 2013, personal appeared before me, a notary public, A. GREGORY REED, personal known (or proved) to me to be the person whose name is subscribed on the foregoing document, who acknowledged to me that he executed the foregoing document.

*Patricia Aciri*  
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 NOTARY PUBLIC

