

**SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT
WASHOE COUNTY, NEVADA**

TUESDAY

1:15 P.M.

DECEMBER 17, 2002

PRESENT:

Pete Sferrazza, Chairman
Jim Galloway, Commissioner
Jim Shaw, Commissioner *
Ted Short, Commissioner

Amy Harvey, County Clerk
Katy Singlaub, County Manager
Jim Barnes, Legal Counsel
Paul Orphan, Engineering Manager

ABSENT:

Joanne Bond, Vice Chairman

The Board met in regular session in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada, and conducted the following business:

AGENDA

In accordance with the Open Meeting Law, on motion by Commissioner Short, seconded by Commissioner Galloway, which motion duly carried with Commissioners Bond and Shaw absent, Chairman Sferrazza ordered that the agenda for the December 17, 2002 meeting be approved.

MINUTES

On motion by Commissioner Short, seconded by Commissioner Galloway, which motion duly carried with Commissioners Bond and Shaw absent, Chairman Sferrazza ordered that the minutes of the regular meeting of October 22, 2002 be approved.

* 2:14 p.m. **Commissioner Shaw arrived.**

**02-34STM PRESENTATION BY KAFOURY, ARMSTRONG & CO. -
ANNUAL AUDIT REPORT FOR YEAR ENDED JUNE 30, 2002**

Felicia O'Carroll, Partner, Kafoury, Armstrong & Co., presented the annual audit report for the District for the year ended June 30, 2002. She stated the

District received a "clean" opinion, which is the highest level of assurance the profession offers. Ms. O' Carroll displayed charts, graphs and tables on the overhead of the District's cash, revenues, expenses, assets and liabilities. Each chart was explained in detail and differences between the prior and current fiscal years were noted. Ms. O'Carroll advised the actual operations of the District resulted in a small loss of approximately \$30,000 this year. She stated that is after deducting all depreciation expense, which means the District is very close to funding its depreciation. She then responded to questions from Board members.

Ms. O'Carroll stated the auditors did not become aware of any potential violations of the Nevada Revised Statutes (NRS) or the Nevada Administrative Code (NAC) as they relate to the financial administration of the District. Another requirement of the audit is that management comment about upcoming events; and the following three items were listed: 1) a potential rate study for determining future rate increases; 2) a surcharge to cover new EPA requirements for arsenic levels, which will require additional capital outlay of up to \$1,000,000 per well site; and 3) the on-going well deepening program.

On motion by Commissioner Galloway, seconded by Commissioner Short, which motion duly carried with Commissioner Bond absent, Chairman Sferrazza ordered that the annual audit report for the year ended June 30, 2002 be accepted.

02-35STM MANAGEMENT REPORT - NOVEMBER 2002

Following review and discussion, on motion by Commissioner Shaw, seconded by Commissioner Short, which motion duly carried with Commissioner Bond absent, Chairman Sferrazza ordered that receipt of the District's management and financial reports for the month of November 2002 be acknowledged.

PUBLIC COMMENTS

Sam Dehne, Reno citizen, sang a self-composed song about the railroad trench and wished everyone a Merry Christmas.

COMMISSIONERS'/STAFF COMMENTS

Commissioner Short commented that the District started with approximately 300 homes and a huge debt. He stated they tried to set the water rate low and the ad valorem rate high, so it would be a tax deduction for the residents. The water rate was around \$24 per month then, and now the flat rate is \$43 per month. He suggested consideration be given to renewing the bond and putting fees back on the ad valorem rate, especially if the impacts of treating the arsenic are as bad as projected.

Commissioner Galloway stated arsenic treatment has cost the County utility districts about five percent, and he hopes it does not cost STMGID any more than that. He also said the County decided to show that cost as a separate item on the billing

so people would know what they are paying to save six cases of a very rare cancer nationwide. Commissioner Galloway stated if this money were put in some other type of expenditure for public health, it would save more lives than that.

Chairman Sferrazza stated he disagrees because it is never good to have arsenic in the water supply and noted the cancer cluster in Fallon.

Paul Orphan, Engineering Manager, stated staff wanted to express their appreciation to Commissioner Short for his service the last four years and to let him know it has been a pleasure working with him.

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There being no further business to come before the Board, the meeting adjourned.

PETER J. SFERRAZZA, Chairman
South Truckee Meadows General
Improvement District

ATTEST:

AMY HARVEY, Washoe County Clerk
and Ex Officio Secretary, South Truckee
Meadows General Improvement District

*Minutes Prepared By:
Sharon Gotchy, Deputy County Clerk*