



Board of Trustees
Minutes of Regular Meeting
Tuesday, February 4, 2014
6:00 P.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

Raymond Wilson
Robert Allgeier
Barbara Smallwood
Michael Henningsen

Staff Members Present:

Frank Johnson
April Burchett
Sarah King
Richard Peters
William Peterson

Others Present:

Jeremy Hutchings
Megan Suter

Board Members Absent:

Mark Dudley

Meeting called to order at 6:00 p.m. by Raymond Wilson, Chairman

Claims Review and Approval – The claims were reviewed by the Board and questions were answered by Frank Johnson. Frank explained to the Board that he had found out why the Gas bill had been high as requested by them at the prior Board meeting. There was a gas valve in the boiler which switches from methane to gas and it failed and got stuck in the open position. Bob recommended putting in two valves or a spring loaded valve to prevent a recurrence of this problem. Bob also had questions about whether MGSD had considered having Charter provide the telephone service along with the internet service. Discussion followed about the merits of different service providers and Frank explained that MGSD has two service providers as one is a backup and the cost for having both is the same. **Motion by Mike Henningsen to approve the claims received for January, 2014 in the amount of \$61,492.55 and to approve the claims paid during January, 2014 in the amount of \$102,069.52.** Seconded by Bob Allgeier. Motion carried.

Minutes of January 7, 2014 Regular Board Meeting – The minutes of January 7, 2014 were reviewed by the Board. **Motion by Bob Allgeier to approve the minutes of the January 7, 2014 Regular Board Meeting.** Seconded by Barbara Smallwood. Motion carried.

Public Comment: - There was no public comment.

Tractor Supply Co.—As-Built Approval and Line Acceptance -- Represented by Jeremy Hutchings from R O Anderson Engineering. He introduced himself and Megan Suter, who he stated did most of the engineering work. He mentioned that he had not had a chance to see Bruce Scott's letter. He stated that Rob Hellwinkel was concerned about an easement that he had arranged with the developer to serve his own property in the future. The easement was being drafted and would be recorded after being finalized.



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The old easement would then need to be abandoned. **Motion by Mike Henningsen to accept the sewer lines constructed for the Tractor Supply building located at 1649 Hwy. 88 and the as-built drawings as submitted, subject to receipt and recording of acceptable sewer easements for the lines as constructed and once staff has confirmed the recordation of acceptable easements for the new lines, and to authorize the Chairman to execute a deed of abandonment of the old easements no longer required for public use.** Seconded by Barbara Smallwood. Motion carried.

Richard J. Peters, Jr., and Co. – Contract for Accounting and Auditing Services -- Frank asked Richard if he had the information on MGSD's future liabilities which Bob Allgeier had requested. Richard presented the Board with a handout and explained that he gets the hourly rates for each employee and their hours for each year, and how he calculates the numbers to get the long term liability. The liability to the District is the vested amounts. Richard felt that for the next year's audit the post-employment benefits should be addressed, as this liability will increase as more employees are vested. This has never been an issue in the past as the turnover was a lot higher. Ray asked how long Richard had been doing the audit and Richard stated that it was about 30 plus years. Richard suggested changing the policy for new hires and modify the post-employment benefits.

Bob had a question about Richard's proposal for his contract renewal and the reduction if it was renewed for three years and what the rate would be if it was for one year. The discount worked out to 10% and Richard informed the Board that this was standard for other entities like the school district and this is how he has done it in the past. Discussion followed as Bob had questions about the past billings. **Motion by Bob Allgeier to accept the proposal from Richard J. Peters, Jr., and Co. for a three-year contract effective the fiscal year ending June 30, 2014, in the amount not to exceed \$10,949.00 for the first year, and an increase in subsequent years limited to the lesser of the cost of living index increase or five percent (5%), unless there are regulatory changes which would alter the scope of the examination, as set forth in the proposal presented to the board.** Seconded by Mike Henningsen. Motion carried.

Attorney-Client Conference – Transfer of Ownership of Park Cattle Effluent Agreement -- Bill Peterson, legal counsel for MGSD, referred to his memo to the Board and stated that he was present to explain this item as he wanted to give the Board a history of what had transpired as this was an old time contract. It originated in a huge battle in the 1970's with rights and entitlements to the effluent when Galeppi, Danberg and MGSD filed competing applications with the State Water Engineer for rights to the treated effluent from MGSD's plant. Each party objected to the applications filed by the other party. The State Water Engineer granted each permit and all parties appealed. The parties finally settled under terms that provided that Galeppi and Dangberg share equally all effluent from the plant not to exceed 5 mgd. The concern was for MGSD to maintain all control of the effluent and so MGSD had the right to dispose of all of its effluent on the Dangberg and Galeppi properties throughout the year subject to limitations granted by the NDEP. This agreement expired in 2008. In 2002 Galeppi sold half their share, a quarter each to Bently and Park. Frank explained that MGSD charges a penny per 1000 mgd of effluent for both



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Galeppi and Park and Bill continued that the amount can be renegotiated every five years starting in 2013 and so the amount could now be increased under the contract and this would be the time to do it. Discussion followed about what would happen if the water was not given to Bently. Frank explained that another reservoir would have to be built and there would be a storage problem. The water is currently pumped to Bently but to the other two entities it is gravity flow. The building of the infrastructure was shared and Bently spent several million dollars building their reservoir. Discussion followed about the quality of the water and the nutrient content for grass. Barbara had questions about the development that Park was going to do and since the effluent contract was in place, would they still have had to take the effluent even though the area would have been developed. She was assured that that was so. There was a question if there would be a new contract and Bill explained that it was not a contract but an assignment and that the terms would not be changing but, the legal entity. Discussion followed about who was paying the legal fees since MGSD did not ask to have this done. Bill stated that each party absorbs their own fees since the contract was entered into in that way a long time ago and this is an assignment.

Motion by Barbara Smallwood to authorize the Chairman to execute an assignment of the January 31, 2005 Agreement between MGSD and Park Cattle Company to Park Ranch Holdings, LLC, subject to the conditions subsequent that the Park Ranch Holdings, LLC obtain, at its expense any and all other required governmental authorizations and approvals necessary to effectuate said assignment of said rights and performance of Park Cattle Company's duties and obligations under the agreement, and that the Chairman be authorized to execute said assignment in substantially the form set forth and presented to the Board, which will be attached to a board resolution, authorizing the same. Seconded by Mike Henningsen. Motion carried.

Engineer' Report – Bruce Scott was not present to offer a report, however, Frank informed the Board that Bruce anticipated that by mid-February the final details would be wrapped up for the County Road Sewer replacement to be given to the State, County and MGSD, with it going to bid mid-March, and with approval by mid-April. Bob had a question about the amount budgeted for this project.

Ray had a suggestion for Bruce Scott which he would inform him of at the next Board meeting. He wanted Bruce to present to the Board members, every month, the status of whatever he was working on so that the content may be reviewed before the day of the meeting.

District Manager's Report – Frank Johnson reported on the following items:

EDU Allocations: 4.0 EDU's of capacity were sold during January to the Ranch of Gardnerville.

2014-2015 Tax Rates: This is something that is requested by the Department of Taxation every year and Frank explained that a couple of years ago at the request of the Board, he looked into raising it but it was not worth changing.



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Natural Gas: There was another high bill and it was found that a gas valve inside one of the boilers had failed. The boiler is in the process of being rebuilt. The power bill may be a little high next month because the digester gas was insufficient to run the co-gen system. However the gas production has increased and should hopefully stabilize by next week. Frank explained that we experienced digester gas issues about this same time last year as well. Mike had a question as to what would happen if all the bugs died. Frank explained that the digesters would not be working and no methane would be produced. Frank also mentioned that Bruce and he would be setting up a meeting with Reno Rendering about tipping fees. Bob hoped this issue would be resolved this year. Frank mentioned that there is another entity, Liquid Environmental Solutions, who would like to get a foot hold in the area and had contacted him. Discussion followed. Bob had questions about running the Co-Gen less time and what the process is for that. Frank informed him that less grease is fed to it. He informed the Board that he is working on the various issues. But Bob felt the lack of income bothers him and the heating loop was another cost. Frank informed him that it had been turned off until the time the gas issue was resolved and that the staff was taking steps to preserve what was in place budget wise and GRGID would be paying their fair share for the maintenance.

Managers Meeting: In addition to the bi-monthly meeting, managers of the various GID's and also Bruce and Tim from RCI had met regarding Douglas County Engineer's letter about their new proposed testing and inspection requirements which each local entity is required to adhere to. A response letter outlining concerns was sent to Douglas County but no response has been yet received. Frank explained that the County is trying to consolidate everything. Barbara mentioned that she had attended the Commissioners meeting and did not understand what the County was trying to achieve. Discussion followed. Ray stated that one of the reasons the legal budget had been at \$50,000 was because of this problem. Bob wondered if this was going to be an issue with the line replacement on County Road. Frank stated that he had asked Bruce about this as MGSD was going to be required to repave only half of the road, and he hoped we would not be required to repave the entire roadway.

Tractor Supply Store is now opened as of February 1st.

Secretary's Report – April explained that she had received a notice from the Douglas County Clerk's office about candidate filing and the filing dates. Ray asked April to remind Mark about filing and she said she had done so. Ray also wondered if anyone else was interested in running. Discussion followed.

Ray asked April if the employees had a handbook and wondered if the Board could get a copy of it. April explained that there is one. Ray also asked if the Town of Gardnerville had paid, and was informed that they had done so, and that also Wal-Mart had paid the past due Pass Thru.

Public Comment – There was no public comment.



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Board Comment – Barbara informed the Board that she had been able to come into the office and look for the stuff she needed to familiarize herself with for her secretary duties. She saw where the HR Laws and Benefits book is kept. The book keeps MGSD current with all the HR laws that have changed in recent years. The Board pays for this service. April also mentioned to the Board that MGSD’s insurance company the Pool Pact provides HR information and training classes which are provided for free as most of the lawsuits come from personnel issues.

Ray referred to a previous meeting in regard to the Demographer’s prediction and the growth in the County which would not be like in the past; there would not be huge connection and capacity fees. With the sewer replacement in County Road and an expense of \$550,000 it would bring the bank balances to below five million dollars and Ray felt that it would never get back up to that number again. Ray felt that had he known then what he knew now; he would not have approved the apartments on Stodick Parkway to use the money that was paid in the past. Ray felt that there is nothing in the horizon except maybe the Pine View Estates. Frank stated that it may be going forward. They are in the process of going through the first step with the BIA. Ray suggested telling the staff about the economy and not getting a lot of capacity fees and felt that both the Board and the staff should be aware of this issue and if anyone on the staff could come up with a way of saving MGSD money they should be rewarded.

Bob asked April to give the Board the District Manager evaluation form as the time was nearing for his evaluation and they would like to have the form before the evaluation date.

Meeting adjourned at 7:40 pm.

Approved _____ By _____
Date District Secretary

: /smk