

MINDEN-GARDNERVILLE SANITATION DISTRICT
P. O. BOX 568
MINDEN, NEVADA

Minutes of regular meeting, Tuesday, January 4, 2005, 7:00 P.M.,
Board Room, MGSD Treatment Plant, 1790 Hwy. 395, Minden, Nevada

Board Members Present:

Jerome Etchegoyhen, Leonard Anker, O.P. Brown, Jr., Ronald Wilcks
and Michael Henningsen

Staff Members Present:

Frank Johnson, Bruce Scott and Bonnie Fetic

Others Present:

Judge David Gamble, Dal and Barbara Byington, Ray VanWinkle

Oath of Office for Newly Elected Board of Trustees: Judge David Gamble administered the oath of office to the re-elected Board of Trustees O.P. Brown, Jr. and Ronald Wilcks. The Board thanked Judge Gamble for his services.

Election of MGSD Board Officers for 2005: The Chairman called for nominations for MGSD Board Officers for the 2005 year. Motion by Ronald Wilcks to retain Jerome Etchegoyhen as Chairman, Leonard Anker as Vice-Chairman and O.P. Brown, Jr. as Secretary-Treasurer for the 2005 year. Seconded by O.P. Brown, Jr. Motion carried.

Meeting With Galeppi Land & Livestock and Park Cattle Company--To Finalize Effluent Management Plan Agreements or to Consider Other Options: Dal and Barbara Byington of Galeppi Land and Livestock were present to discuss their effluent management agreement. MGSD legal counsel, Bill Peterson was in contact with the Board and Mr. and Mrs. Byington via telephone. Bill related that he did not have the executed effluent management plan agreements for Galeppi Land and Livestock and Park Cattle Company in his possession. However, Bill was assured by Park Cattle Company legal counsel, Gordon Depaoli that after some cosmetic corrections are made to the agreement that the Park Cattle Company agreement will be executed at their next meeting. The property sold to Sierra Pacific Power Company also needs to be deleted from the legal description. Bill related that he expects to deliver the Park Cattle Company executed agreement to the MGSD board at their February 1, 2005 meeting. Mr. and Mrs. Byington related that their legal counsel was ill and unable to attend the meeting, but that they were in agreement with the terms of the effluent management agreement and as soon as a couple of cosmetic changes are done and spelling errors are corrected they will execute the contract. Mr. Byington related that through the years they have always a good relationship with MGSD. Bruce Scott discussed finishing up the work authorized by the Board at the May 4, 2004 meeting. The Board directed that the

Minutes
Minden-Gardnerville Sanitation District
January 4, 2005
Page 2

effluent management agreements for both Galeppi Land and Livestock and Park Cattle Company be included in the February 1, 2005 meeting agenda.

Claims Review and Approval: The claims were reviewed by the Board and questions answered by Bruce Scott and Frank Johnson. Motion by O. P. Brown, Jr. to approve the claims in the amount of \$144,602.68 and to approve the claims paid during the month of December, 2004 in the amount of \$5,195.12. Seconded by Michael Henningsen. Motion carried.

Minutes of December 7, 2004 and December 16, 2004: The Board reviewed the minutes of December 7, 2004 and December 16, 2004. Motion by O.P. Brown, Jr. to approve the minutes of December 7, 2004 and December 16, 2004. Seconded by Ronald Wilcks. Motion carried.

The Board talked to Craig Olson via telephone concerning the projects HDR Engineering is currently working on for MGSD. Craig related that a 90% submittal had been made to the State about two weeks ago which takes about four weeks for them to review. The plans need to be submitted to Douglas County which will be submitted directly to the building department with the help of Bruce Scott. The project will be put out to bid in February, 2005 with the bid award in March, 2005. Mr. Anker requested a meeting to allow the Board a walk through and review of the project. Frank Johnson and Craig will set up a meeting in the middle of February, 2005. Craig reported that he feels comfortable with HDR's construction estimates. Craig related that Frank and Bruce attended a meeting with the County and that the administration building addition and remodel project is now in the design and review process. Bruce discussed the meeting with the County and questions were asked which needed to be satisfied. Craig has written a letter to Tammy Vogel of Douglas County addressing her concerns. Craig was uncertain how long the County process will take, but Bruce felt the County will try to push the review process through as soon as they can. Discussion continued concerning the bidding, review process, plan check, time frame and administration building plans.

Ray Van Winkle, Jr. and Toni Van Winkle--Annexation Application: Represented by Ray Van Winkle, Jr. Frank Johnson informed the Board that a petition of annexation, application fee, preliminary title report and vicinity map had been received from Ray Van Winkle, Jr. and Toni Van Winkle for the annexation of approximately 1.0 acre located on Frieda Lane. Bruce Scott presented a review letter from Resource Concepts dated December 28, 2004 recommending a hearing for annexation on the parcel subject to three conditions contained in the letter and also recommended that the improvement

Minutes
Minden-Gardnerville Sanitation District
January 4, 2005
Page 3

plans presented by Mr. Van Winkle to the District and reviewed by Resource Concepts be approved subject to four recommendations contained in the letter. The improvement plans could be approved at the public hearing for the annexation of the property. Discussion followed. Motion by Leonard Anker to accept the annexation application of Ray Van Winkle, Jr. and Toni Van Winkle for the annexation of approximately 1.0 acre on Frieda Lane, Parcel #1320-29-201-006, subject to Resource Concepts letter dated December 28, 2004. A public hearing of annexation is to be noticed for February 1, 2005. Seconded by Ronald Wilcks. Motion carried.

Net Development--Minden Village Commercial--Capacity Request: Frank Johnson related to the Board that shells had been constructed in the Minden Village commercial project and that 1.0 unit of capacity had been assigned to each building. Now the building improvements are being done in accordance to the future building occupancy and letters have been received from Net Development Company dated December 28, 2004 requesting additional capacity of 2.40 units of capacity for building P (doctor), 2.80 units of capacity for building M (offices), and 4.00 units of capacity for building E (dentist). Bruce Scott related that the 4-inch laterals would handle the respective occupancies. Discussion followed on how the X-Ray materials would be disposed of. Motion by O.P. Brown, Jr. to sell 4.0 units of capacity to Net Development for building E, 1661 Lucerne making a building total of 5.0 units of capacity. MGSD requires that the dentist occupying the building submit a letter to MGSD detailing how the X-Ray materials on the premises will be removed. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by Michael Henningsen. Motion carried. Motion by Michael Henningsen to sell 2.80 units of capacity to Net Development for building M, 1653 Lucerne making a building total of 3.80 units of capacity. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by O.P. Brown, Jr. Motion carried. Motion by Ronald Wilcks to sell 2.40 units of capacity to Net Development for building P, 1667 Lucerne making a building total of 3.40 units of capacity. MGSD requires that the doctor occupying the building submit a letter to MGSD detailing how the X-Ray materials on the premises will be removed. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by O.P. Brown, Jr. Motion carried. Frank related to the Board that Net Development will be submitting additional plans and requesting more capacity in the future as the buildings will become occupied.

Engineer's Report: Bruce Scott reported to the Board that he had covered the information he had for the Board during the discussions earlier in the meeting with Bill Peterson and Craig Olson.

Minutes
Minden-Gardnerville Sanitation District
January 4, 2005
Page 4

District Manager's Report: Frank Johnson discussed the lateral which had been constructed for the new service department for Carson Valley Chevrolet-Buick at 1599 Hwy. 395 and had not been inspected by MGSD. The plans had been changed from the initial plans presented to MGSD. Mr. Anker related that he had a conflict of interest and wished to abstain from discussion and vote on the matter before the Board. Discussion followed concerning proper construction materials, the lateral, exposing the line, validate the integrity of the line without digging it up, sending a letter to the property owner stating that the line had not been inspected, confirming there are clean-outs, not setting a precedent, etc. Motion by Michael Henningsen for Bruce Scott and Frank Johnson to investigate the new Carson Valley Chevrolet-Buick lateral and determine the best solution to either expose the line or prove the integrity of the line by other means. Seconded by O. P. Brown, Jr. Vote: 3 ayes, 0 nays, abstain; Leonard Anker.

Frank Johnson discussed the Sierra Pacific Power Company bill for pump stations #3 and #4 which had been in part, billed during the non-irrigation season. After a discussion with Sierra Power Company, Frank was able to get the bill reduced and the power company will rebill MGSD.

Frank Johnson discussed inspections for commercial buildings which had been discussed at the December 7, 2004 meeting along with the need for a full time lab technician. Frank proposed that the Board hire a full time lab technician who could also assist with inspections for commercial buildings. Frank related that MGSD employee Tim Sheets who holds an Operator III certification is interested in the position. Most plants typically pay 5-7% higher than a class III operator for a lab technician. Frank presented salary figures to the Board and related that moving Tim into the lab technician position would be more cost effective than hiring an outside person due to the fact that MGSD would still have adequate personnel to cover the plant operation without hiring an additional operator. Frank felt that Tim could be given 18-months to obtain the required lab certification. Frank discussed the laboratory testing which is done outside the MGSD lab at the present time and new equipment required to certify the MGSD lab. Discussion followed concerning MGSD personnel. Frank related that MGSD employee Russ Lindell will be retiring in about 18 months and that possibly a new trainee could be hired at the beginning of the 2005-2006 budget year. Motion by O.P. Brown, Jr. to offer the laboratory technician position to MGSD employee, Tim Sheets and to increase his salary by 5% to \$41,160 yearly. Tim will have 18-months to obtain his laboratory certification. MGSD will consider hiring additional MGSD personnel effective July 1, 2005. Seconded by Michael Henningsen. Motion carried.

Minutes
Minden-Gardnerville Sanitation District
January 4, 2005
Page 5

Frank Johnson discussed a possible contention with an MGSD employee. Discussion followed concerning sick leave issues and producing an employees hand book. Frank will work on putting together an employees hand book for Board approval.

Frank Johnson presented a revised MGSD logo to the Board for approval which had been discussed at the December 7, 2004 meeting. The Board approved the logo as presented. Frank discussed having MGSD's printing needs done by local printers.

The Board discussed writing a newsletter to be included in the mailing of the next quarterly sewer user fee billing. The Board discussed what they would like included in the news letter. The Chairman volunteered to put a letter together for Board approval.

Secretary's Report: The Secretary presented a letter received from Wells Fargo bank requesting change of collateralization to the Nevada State Collateral Pool provided by Nevada Assembly Bill 13 passed by the legislature. The letter and request was reviewed by MGSD accountant Richard J. Peters who wrote a letter to MGSD dated December 21, 2004 stating that "The letter from Wells Fargo Bank, N.A. to release Wells Fargo Bank, N.A. collateral currently held individually in the District's name and to be included in the Nevada Collateral Pool Program appears to be correct." Discussion followed concerning the accounts MGSD has with Wells Fargo Bank. Motion by O.P. Brown, Jr. to authorize the Chairman to sign the letter from Wells Fargo Bank dated December 1, 2004 which moves collateral held for MGSD to the Nevada State Collateral Pool as provided by their letter. Seconded by Ronald Wilcks. Motion carried.

Meeting adjourned at 10:00 P.M.

Approved: 2-1-05 By: Jerome Etcheberry

MINDEN-GARDNERVILLE SANITATION DISTRICT
P.O. BOX 568
MINDEN, NEVADA

Minutes of regular meeting, Tuesday, February 1, 2005, 7:00 P.M.,
Board Room, MGSD Treatment Plant, 1790 Hwy. 395, Minden, Nevada

Board Members Present:

Leonard Anker, Ronald Wilcks, Michael Henningsen, O.P. Brown, Jr.
and Jerome Etchegoyhen

Staff Members Present:

Frank Johnson, Bruce Scott and Bonnie Fettic

Others Present:

Kent Neddenriep

Claims Review and Approval: The claims were reviewed by the Board and questions answered by Frank Johnson and Bruce Scott. Motion by Leonard Anker to approve the claims for January, 2005 in the amount of \$113,059.77 and to approve the claims paid during the month of January, 2005 in the amount of \$18,086.48. Seconded by O.P. Brown, Jr. Motion carried.

Minutes of January 4, 2005: The Board reviewed the minutes of January 4, 2005. Motion by O.P. Brown, Jr. to approve the minutes of January 4, 2005. Seconded by Ronald Wilcks. Motion carried.

Finalization of Effluent Management Agreements for Galeppi Land and Livestock and Park Cattle Company: Frank Johnson informed the Board that MGSD legal counsel, Bill Peterson was unable to attend the meeting. However, both Galeppi Land and Livestock and Park Cattle Company effluent management agreements had been executed and Frank presented faxed copies of the executed agreements to the Board. Bill Peterson discussed the executed agreements with the Board via telephone. Bill related to the Board that the Chairman needed authorization to execute the agreements on behalf of MGSD and that the MGSD secretary could attest the documents. Motion by Leonard Anker to authorize the Chairman to execute the Galeppi Land and Livestock effluent management agreement. Seconded by O.P. Brown, Jr. Motion carried. Motion by Leonard Anker to authorize the Chairman to execute the Park Cattle Company effluent management agreement. Seconded by O.P. Brown, Jr. Motion carried.

The Board, Mr. Peterson, Frank Johnson and Bruce Scott discussed ways to accomplish commercial building inspections, ways to determine added drains, change in building occupancy, additional hours of operation, etc. Mr. Peterson related that he would do some research on the matter and report his findings to the Board at the next regular meeting, March 1, 2005.

Ray Van Winkle, Jr. and Toni Van Winkle--Public Hearing for Annexation and Plan Approval: Frank Johnson related to the Board that proper noticing had been accomplished and that it was in order to proceed with the public hearing for annexation of 1.0 acre owned by Ray Van Winkle, Jr. and Toni Van Winkle located on Frieda Lane. Bruce Scott related to the Board that Mr. Van Winkle was unable to attend the meeting. Discussion followed. Motion by O.P. Brown, Jr. to approve the annexation of 1.0 acre for Ray Van Winkle, Jr. and Toni Van Winkle located on Frieda Lane, Parcel #1320-29-201-006, subject to Resource Concepts letter of December 28, 2004. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by Ronald Wilcks. The Chairman called for public commentary. There were no replies. Vote: 4 ayes, 0 nays. Improvement plans were presented to extend the line approximately 500' to provide sewer service for the Van Winkle parcel. Bruce presented a review letter from Resource Concepts dated December 28, 2004 recommending approval of the plans subject to four conditions contained in the letter. Discussion followed. Motion by O.P. Brown, Jr. to approve the improvement plans for the Van Winkle Parcel #1320-29-201-006 subject to Resource Concepts letter dated December 28, 2004. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by Ronald Wilcks. Motion carried.

Net Development--Capacity Request: Frank Johnson presented building improvement plans for an internet cafe at 1663 Lucerne, Building N in the Minden Village project. Frank explained to the Board that the capacity requirements had been changed several times due to State Health requirements. Bruce and Frank discussed health department regulations in regard to dumpster drains and grease interceptor requirements. Frank discussed the project and ownership with the Board. The building currently has 1.0 of capacity and the owner needs to purchase an additional 10.3 units of capacity for the Internet Cafe. Discussion followed. Motion by Leonard Anker that MGSD agrees to sell 10.3 additional units of capacity for the Internet Cafe located at 1663 Lucerne, Building N in the Minden Village. There is 1.0 unit of existing capacity making the total building capacity 11.3 units. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by Ronald Wilcks. Motion carried.

LaCosta at Monte Vista--Line Acceptance and As-Built Approval-- Represented by Kent Neddenriep. As-built drawings for La Costa at Monte Vista phase 1 were presented for Board approval. Bruce Scott presented a review letter from Resource Concepts dated January 26, 2005 recommending approval subject to five conditions contained in the letter. Bruce discussed the street paving and bringing the manhole covers to grade. Frank Johnson related that the line has not yet been air tested and that ball and flush had not been done

Minutes
Minden-Gardnerville Sanitation District
February 1, 2005
Page 3

either. Motion by O.P. Brown, Jr. to accept the LaCosta at Monte Vista Phase 1 line subject to the line being air tested and that ball and flush be performed according to the MGSD code. The as-builts are conditionally approved subject to Resource Concepts letter of January 25, 2005. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by Michael Henningsen. Motion carried.

Depot 395: Frank related that the representatives had requested that the Depot 395 agenda item be cancelled. Frank discussed some of the issues that have surfaced in their project, including problems the tenants are having with the owner, funding their project, capacity issues and the calls he had received concerning the project. Discussion followed.

Engineer's Report: Bruce discussed the summary for rate studies that Rob Williams of HDR Engineering had sent to the Board. Bruce suggested that the Board review the information and discuss it with Craig at the special meeting on February 15, 2005. Discussion followed concerning the possibility of Rob attending the meeting since he put the rate study information together. The Board directed that the rate study information be made an agenda item for the February 15, 2005 meeting.

District Manager's Report: Frank Johnson related to the Board that the MGSD logo had been put on one of the MGSD vehicles and perhaps they would like to look at it.

Frank Johnson informed the Board that Tim Sheets had accepted the Laboratory Technician position which the Board offered him and had begun the new position on February 1, 2005. Discussion followed about interviewing another plant operator about July 1, 2005. Frank discussed laboratory equipment which was needed and could be included in the next budget. Frank also discussed that much of the lab equipment was purchased years ago and needs replacing. Frank reported to the Board that safety equipment and signs are being put in place. Frank told the Board that the plant operation is running smoothly.

Mr. Anker discussed a master plan up-date. Mr. Henningsen discussed project graphs.

Frank Johnson related that Mr. Etchegoyhen had prepared a newsletter for Board review as discussed at the January 4, 2005 meeting. Discussion followed on the prepared newsletter, possibly breaking down the information into several newsletters, preparing a brochure and looking at some of the brochures other utility companies send in their billings. Frank offered to try putting together a brochure to be included in the user fee bills for Board

Minutes
Minden-Gardnerville Sanitation District
February 1, 2005
Page 4

approval.

Meeting adjourned at 9:00 P.M.

Approved: 3-1-05 By: Jerome Etcheberry

MINDEN-GARDNERVILLE SANITATION DISTRICT
P.O. BOX 568
MINDEN, NEVADA

Minutes of special meeting, Tuesday, February 15, 2005, 12:30 P.M.,
Board Room, MGSD Treatment Plant, 1790 Hwy. 395, Minden, Nevada

Board Members Present:

Ronald Wilcks, Leonard Anker, O.P. Brown, Jr. and Jerome Etchegoyhen

Board Member Absent:

Michael Henningsen

Staff Members Present:

Frank Johnson, Bruce Scott and Bonnie Fettic

Others Present:

Rob Williams and Craig Olson

HDR Engineering Rate Study Discussion--Represented by Rob Williams. Rob Williams related to the Board that he was present to discuss the rate study that the Board wished to conduct to determine if the various rates charged by MGSD were adequate. Rob related that HDR has acquired a company who does rate study work. Rob discussed the various ways a rate study could be conducted ie. monthly tracking of the wastewater flows including industrial, the distinction between commercial and residential flow, data collection, analysis of operating costs, future flows and future connections. Bruce Scott related that MGSD had not had a monthly rate increase in sometime. Discussion followed on the monthly fees. Mr. Anker felt that the Board was interested in finding out the construction cost per gallon of capacity and discussed various completed construction projects that he felt would be helpful in compiling a dollar figure. Rob discussed the master plan study HDR and previously completed for MGSD and the two subsequent updates. Mr. Anker felt that the rates should be adjusted, but that any rate increase needs to be justified. Discussion followed on fee costs including breaking costs down into individual use, gallons, EDU's, flows, infiltration, average usage for residential customers, MGSD master plan, keeping the rate study relatively simple and establishment of a separate fund for major repairs. Discussion continued concerning EPA guidelines, expanding on the survey HDR did previously, time frame for business impact statement, noticing and public hearings, depreciation, capacity and connection fee analysis, simple monthly rate analysis, interest, etc. Frank related that he had a meeting scheduled with MGSD accountant, Richard Peters and that he would discuss the monthly rate charge with him to see if it is covering MGSD's operating costs as well as establishing a separate fund for major repairs. Rob will send

Minutes
Minden-Gardnerville Sanitation District
February 15, 2005
Page 2

a proposal to conduct a rate study to determine adequate capacity and connection fees for Board approval.

Review of Solids Contact Aeration Improvements Project and Administration Building Project Plans Including a Tour of the Plant Facility--Craig Olson presented a letter from architect Robbie Oxoby regarding the administration building addition and remodel. Douglas County Planning has given conditional approval of the plans with a few minor comments which Robbie will change or correct before the plans are presented to the Douglas County Building Department for review. Craig felt that the project will probably be ready to go to bid the middle of March, 2005. Craig related that there is a minimal amount of dollars left in the HDR contract. Bruce Scott related that Darrin Whatcott of the Douglas County Building Department had talked to him concerning several MGSD projects which have been completed and had never been signed off by the building department. Craig will take care of Mr. Whatcott's concerns. Craig informed the Board that State approval has been obtained for the solids contact aeration improvements project. Craig related that he and Frank had met with Darrin Whatcott and took care of some of his concerns prior to county submittals. Plans have been submitted to the Douglas County Building Department, Douglas County Community Development and East Fork Fire Protection District. The review time is approximately two weeks for comments and approvals. Craig felt that the bid could probably be advertised the week of February 21, 2005 with a bid opening on April 1, 2005 and bid award at the April 5, 2005 meeting. Due to weather conditions the plant facility tour was cancelled. Craig presented a diagram of the plant facility showing the present facility and the project additions including the solids contact basin which will be built for ultimate MGSD capacity, the new blower building which will include a uni-sex bathroom facility and expanded chlorine contact basin. Craig explained the workings of the present and the future project additions. The next construction project is scheduled to include a new digester and trickling filter pumping station. Rob discussed BOD loadings, mass balance and detention time. Discussion followed concerning the amount of dollars it will take to complete MGSD's master plan. Craig related that there are a lot of unknowns in the present solids contact aeration improvement project, but he felt confident that the cost would be 2.5 to 3.0 million plus approximately \$305,000 in inspection and engineering costs. Previous projects have had less than 1% in change orders. The national change order average is 4%. Craig discussed a power line issue connected with the present project. Motion by O.P. Brown, Jr. to authorize HDR Engineering to advertise the Solids Contact Aeration Improvement project for bid. Seconded by Leonard Anker. Vote: 3 ayes, 0 nays, absent; Michael Henningsen. The Board directed that a

Minutes
Minden-Gardnerville Sanitation District
February 15, 2005
Page 3

special meeting could be called for the bid award if necessary. Craig related that Mr. Henningsen had discussed a project graph at the last meeting and Craig passed out the graph which had been used in the last MGSD project and hoped that it was what Mr. Henningsen had in mind. Mr. Anker thanked Craig and Rob for putting the project together so it could be put out to bid early in 2005. Craig related that the project should take 13-months to substantial completion. Frank Johnson related that Henry Dreyer would move the dirt pile on MGSD's property as soon as weather permits. Bruce Scott suggested that MGSD think about starting to work on a new special use permit.

Meeting adjourned at 2:00 P.M.

Approved: 3-1-05 By: Jerome Etcheberry

MINDEN-GARDNERVILLE SANITATION DISTRICT
P. O. BOX 568
MINDEN, NEVADA

Minutes of regular meeting, Tuesday, March 1, 2005, 7:00 P.M.,
Board Room, MGSD Treatment Plant, 1790 Hwy. 395, Minden, Nevada

Board Members Present:

Ronald Wilcks, O.P. Brown, Jr., Jerome Etchegoyhen and Leonard Anker

Board Member Absent:

Michael Henningsen

Staff Members Present:

Frank Johnson, Bruce Scott and Bonnie Fettic

Others Present:

Janice Shafer

Claims Review and Approval: The claims were reviewed by the Board and questions answered by Frank Johnson and Bruce Scott. Motion by Leonard Anker to approve the claims for February, 2005 in the amount of \$122,727.18 and to approve the claims paid during the month of February, 2005 in the amount of \$5,809.33. Seconded by O.P. Brown, Jr. Vote: 3 ayes, 0 Nays, absent; Michael Henningsen.

Minutes of February 1, 2005 and February 15, 2005: The minutes of February 1, 2005 and February 15, 2005 were reviewed by the Board. The MGSD Secretary gave the Board a corrected page 3 for the February 1, 2005 minutes. Motion by O.P. Brown, Jr. to accept the minutes of February 1, 2005 as corrected and to accept the minutes of February 15, 2005. Seconded by Ronald Wilcks. Vote 3 ayes, 0 nays, absent; Michael Henningsen.

Wasabi's Sushi & Asian Bistro--Plan Approval and Capacity Request: Frank Johnson presented plans for Board approval for Wasabi's Sushi & Asian Bistro to be located at 1657 Lucerne, Building D in the Minden Village project. Frank reviewed the plans with the Board and related that there is 1.0 unit of existing capacity and that a total of 10.0 units of capacity will be required. Therefore, it will be necessary for the owner to purchase 9.0 additional units of capacity. Discussion followed. Motion by Ronald Wilcks to approve the plans for the Wasabi's Sushi & Asian Bistro located at 1657 Lucerne, Building D. There is 1.0 unit of existing capacity. MGSD agrees to sell 9.0 units of capacity making a total building capacity of 10.0 units. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by O. P. Brown, Jr. Vote: 3 ayes, 0 nays, absent; Michael Henningsen.

Cedar Creek Subdivision--Off Site Sewer Plan Approval--Represented by Janice Shafer. Bruce Scott explained to the Board that the proposed Cedar Creek Subdivision would wrap around the day care center at approximately Tillman Lane and Dresslerville Road. The subdivision would be served by GRGID, but the sewer line from the subdivision to the MGSD 12-inch interceptor will be part of MGSD's system. In coordination with GRGID, relative areas of responsibility has been established. GRGID will be responsible to the subdivision boundary and MGSD will be responsible once the effluent leaves the subdivision. There are two manholes in the area to facilitate the delineation of responsibilities. Bruce presented a review letter from Resource Concepts dated February 28, 2005 recommending approval of the off-site sewer line subject to thirteen conditions contained in the letter. Bruce discussed the easements and MGSD's conditions being met. Mr. Anker related that he wished to abstain from discussion and vote on the matter before the Board due to a conflict of interest. Janice Shafer related that the matter would go before the GRGID Board on March 2, 2005 and she expected that annexation of the property into GRGID would be approved. Discussion followed. Motion by O.P. Brown, Jr. to approve the plans for Cedar Creek Subdivision located at approximately Tillman Lane and Dresslerville Road subject to Resource Concepts letter dated February 28, 2005. Seconded by Ronald Wilcks. Vote: 2 ayes, the Chairman voted aye, abstain; Leonard Anker, absent; Michael Henningsen.

Engineer's Report: Bruce Scott discussed his February, 2005 billing with the Board and work currently being done within MGSD. Bruce reported that Resource Concepts is moving forward with a cleaning and TVing schedule. Bruce related that MGSD has not performed any rehabilitation work for about three years and perhaps the Board should consider some rehabilitation work this year. Discussion followed. Frank Johnson discussed the inconsistencies of the line cleaning that has been done in the past and would like to see line cleaning in one specific area at a time. Frank related that he has been working with Todd Connelly of Resource Concepts concerning line cleaning and TVing. Frank also discussed having all of the lines TV'd as they are cleaned. Discussion followed. Frank felt that line construction should be TV'd before MGSD accepts new lines. Bruce related that MGSD has rigid requirements in place and that the mandrel test, ball and flush, and pressure testing has been adequate in the past. Frank discussed the fact that TVing new line construction would give another dimension in proving the integrity of the line. Frank discussed a situation which had occurred several years ago in Sunset Park when a new home was constructed. Discussion followed concerning new leaks, line damage, infiltration, etc. which can be detected from line TVing. Mr. Brown felt that Resource Concepts

Minutes
Minden-Gardnerville Sanitation District
March 1, 2005
Page 3

and Frank should continue work on the line cleaning and TVing and report back to the Board.

Attorney Client Conference--Commercial Inspections and Other District Business: Bill Peterson was unable to attend the meeting but contacted the Board via telephone to discuss commercial inspections. Frank Johnson reported that he had called other entities who provide sewer service to find out what their ordinances or codes provide for commercial business inspections. Many are very strict and go so far as to levy heavy penalties for unreported changes, require self reporting for any premises change, going back as far as they can ascertain the change and unless they can prove otherwise, go back three years. Board felt that the simplest would be the best and really want to just bring commercial buildings current. Bill related that there is a provision in the ordinance which Frank read to the Board. Bill recommended putting a procedure for commercial building inspections in the ordinance. Frank said he thought an inspection should be made when the property changes ownership or the business in the building changes and maybe put that provision on the connection permit. Bill felt businesses should be inspected with reasonable notice. Frank discussed the plugging of building drains and what other entities require. Bill related that MGSD could make an ordinance change to address the plugging of building drains. Bruce Scott suggested that he create a new standard details for the plugging of drains. Bill Peterson will prepare a draft ordinance change for commercial building inspections and Bruce Scott will prepare new standard details for the plugging of drains.

District Manager's Report: Frank Johnson informed the Board that an emergency situation had occurred on 10th. Street. The house at 1624 10th. Street had a sewage backup due to the fact that the line serving the property was connected to an abandoned line. It turned out that the house next to 1624 10th. Street was also connected to an abandoned line. Valley Septic and VanWinkle (Sierra View Equipment, Inc.) are working on the problem and it is being resolved. Bruce Scott felt that the line should be rehabilitated and explained the County Road and 10th. Street line function. Bruce felt that about 400 feet of line would be involved and probably sleeving could be done under Hwy. 395. Discussion followed on finding every lateral coming into the line, Valley Septic is TVing and checking all lines that have been discovered. The Board directed to continue to repair the emergency situation and to deal with rehabilitation of 10th. Street at a later date. Discussion followed.

Frank Johnson discussed hiring another plant operator. Frank felt that he would like to hire another person soon, so that the person could become acclimated before summer when the plant operation

Minutes
Minden-Gardnerville Sanitation District
March 1, 2005
Page 4

becomes very busy. Discussion followed on hiring a trainee or an experienced operator. Frank will proceed with the hiring process making it open to anyone who wishes to apply. The Board directed Mr. Brown and Mr. Etchegoyhen to be included in the employee interviews.

Frank Johnson presented the rough draft of a brochure he had worked up to include in one of MGSD's quarterly billings. Frank related that he had obtained price quotes for printing and folding the brochures. Kinkos quote of \$750 was the cheapest. Discussion followed. The Chairman felt that Frank had done a good job, but wished to have time to review the content of the brochure. The Board directed that Frank and Mr. Etchegoyhen agree on a final version of the brochure and proceed to have it printed for the April, 2005 user fee billing.

Mr. Anker discussed MGSD's capital improvements program and having HDR Engineering move the construction schedule up one year in MGSD's capital improvements program and also discussed the possible capacity and connection increases. Discussion followed concerning possibly increasing the 2005-2006 budget for line cleaning, TVing, line rehabilitation and odor control. Discussion followed. Motion by Leonard Anker to advance the construction schedule in the MGSD capital improvements program by one year. Seconded by O.P. Brown, Jr. Vote: 3 ayes, 0 nays, absent; Michael Henningsen. Discussion followed on old mains, cost for cleaning and TVing, possible rehabilitation, popped manhole at the end of Hussman, locking manhole covers, and a lock on manhole at Waterloo and Hwy. 756.

Meeting adjourned at 9:00 P.M.

Approved: 4-5-05

By:

Leonard A. Anker

MINDEN-GARDNERVILLE SANITATION DISTRICT
P. O. BOX 568
MINDEN, NEVADA

Minutes of regular meeting, Tuesday, April 5, 2005, 7:00 P.M.,
Board Room, MGSD Treatment Plant, 1790 Hwy. 395, Minden, Nevada

Board Members Present:

Michael Henningsen, Leonard Anker, Ronald Wilcks and O.P. Brown,
Jr.

Board Member Absent:

Jerome Etchegoyhen

Staff Members Present:

Frank Johnson, Bruce Scott and Bonnie Fettic

Others Present:

John and Debbie Harris, Russ Lindell, Lois Sorensen, Bill Peterson,
Craig Olson, Chad Morrison, Greg Kehler and Mike Railey

The meeting was called to order by Vice-Chairman Leonard Anker in
the absence of the Chairman.

Claims Review and Approval: The claims were reviewed by the Board
and questions answered by Frank Johnson, Craig Olson and Bruce
Scott. Motion by O.P. Brown, Jr. to approve the claims for March,
2005 in the amount of \$153,137.69 and to approve the claims paid
during the month of March, 2005 in the amount of \$24,959.65.
Seconded by Ronald Wilcks. Vote 3 ayes, 0 nays, absent; Jerome
Etchegoyhen.

Minutes of March 1, 2005: The minutes of March 1, 2005 were
reviewed by the Board. Motion by O.P. Brown to approve the minutes
of March 1, 2005. Seconded by Ronald Wilcks. Vote: 3 ayes, 0
nays, absent; Jerome Etchegoyhen.

Employees Recognition: Frank Johnson presented longevity awards
to Bonnie Fettic and John Harris for their 25 years of service to
MGSD.

Solids Contact Aeration Improvements Project--Bid Award--
Represented by Craig Olson of HDR Engineering. Craig Olson
reported to the Board that a bid opening had taken place at MGSD
on March 31, 2005 for the Solids Contact Aeration Improvements
Project. Three contractors presented bids. Low bidder was
Northern Sierra Construction--\$3,125,990, followed by K. G. Walters
Construction--\$3,236,657 and Pacific Mechanical--\$3,651,200. Both
K. G. Walters Construction and Pacific Mechanical have constructed
projects for MGSD in the past, but Northern Sierra Construction has

Minutes
Minden-Gardnerville Sanitation District
April 5, 2005
Page 2

not. Craig discussed the bid opening. Northern Sierra Construction has a class A contractors license limiting them to 2 million dollars, but they have applied for a one time increase to cover the Solids Contact Aeration Improvements Project. Craig further discussed the qualifying statement listing the projects done in the last two years for similar construction projects which seem to be in question. Projects listed were a gymnasium and jet fuel storage complex, but no wastewater treatment experience was listed. Craig related that 3 million dollars is a big project and wants to be careful in awarding the bid. As a result of his discussion with MGSD legal counsel, Bill Peterson, he feels that the best course of action is to continue the bid award to a special meeting until he has more time to thoroughly investigate what action is in the best interest of the District and can make a recommendation to the Board. Craig related that there are three courses of action the Board can take. 1. Award the bid to the lowest bidder. 2. Reject the low bidder as non-responsive and non-responsible, and award the bid to the second lowest bidder. 3. Reject all bids and re-bid the project. Bill Peterson discussed the method of the bid process and the bid specifications, as well as a non-responsive bid and also if a bid is in the public's best interest. Bill further related that all bids could be rejected and the project re-bid. Discussion followed. Mr. Anker discussed the engineer's estimate not including engineering and contingencies as well as the possibility of taking some of the items bid out of the specifications. Frank Johnson discussed possible new discharge permit requirements that could be implemented in the future by NDEP. Discussion followed concerning ways to bring down the bid price. Craig reiterated that he would like additional time to review the bids and other information before making a recommendation to the Board. Motion by O.P. Brown to continue the Solids Contact Aeration Improvements Project--Bid Award to a special meeting to be scheduled April 11, 2005 at 12:00 P.M. Seconded by Ronald Wilcks. Vote: 3 ayes, 0 nays, absent; Jerome Etchegoyhen. Craig related to the Board that Bill had been a great help to him in sorting out the bid results. Mr. Peterson agreed that Craig needed time to analyze the information he had and make the best recommendation he can to the Board. Mr. Henningsen discussed the low bidder's experience. Bruce Scott discussed the non-similarity in the low bidder's completed projects to a wastewater treatment plant and the possible higher costs in engineering, inspection and change orders due to their lack of experience.

General Electric/Bently Nevada LLC--Discharge Permit Renewal/Modification--Represented by Chad Morrison and Greg Kehler. Frank Johnson related to the Board that the Bently Nevada discharge permit with MGSD expires on May 3, 2005 and that Mr. Morris and Mr. Kehler were present to request renewal of the permit. Frank

related that Bently's past compliance has been excellent and that there is a good working relationship with MGSD. Mr. Morrison explained the modifications within the GE/Bently plant to the wave solder and anodizing process to better control the sampling process. Mr. Morrison requested that the renewal of Bently Nevada LLC waterwater discharge permit be in line with the state and federal permits. Frank reported to the Board that there had been one minor violation which had been reported immediately to MGSD, but turned out to be a sampling error on their part. Frank consulted with Marvin Tebeau of Resource Concepts who did not see any problem with their new system request since the system they have has proven it works. Mr. Henningsen related that he wished to abstain from discussion and voting on the matter before the Board due to a conflict of interest. Discussion followed on Bently's current permit and permit specifications. Motion by O.P. Brown, Jr. to renew the discharge permit expiring May 3, 2005 for Bently Nevada LLC to run concurrent to Bently Nevada's NDEP and EPA permits expiring on December 4, 2008. Sampling to be conducted at one location on a bi-annual basis. If detrimental effects be observed in the treatment plant or if MGSD effluent requirements cannot be met, the permit will be subject to immediate change. Seconded by Ronald Wilcks. Vote: 2 ayes, 0 nays, abstain; Michael Henningsen, absent; Jerome Etchegoyhen. The vice-chairman voted aye.

Walgreen's--Annexation Application--Represented by Mike Railey. Frank Johnson informed the Board that a petition for annexation, authority to represent, annexation application fee, legal description, preliminary title report, vicinity map and a review letter from Resource Concepts dated March 29, 2005 had been received for the annexation of the property located at the corner of Waterloo and Hwy. 395. Mr. Railey related to the Board that the property is being annexed to the Gardnerville Town Water and the Town of Gardnerville. Motion by O.P. Brown, Jr. to accept the application for annexation of the Walgreen's property located at the corner of Waterloo and Hwy. 395 and to notice a public hearing to be held on May 3, 2005. Seconded by Ronald Wilcks. Vote: 3 ayes, 0 nays, absent; Jerome Etchegoyhen.

Attorney Client Conference--Ordinance Changes: MGSD legal counsel, Bill Peterson presented a proposed ordinance for commercial building inspections requested by the Board at the March 1, 2005 meeting for their approval. Bill reviewed the content of the proposed ordinance change with the Board. Discussion followed on procedures for plugging abandoned building drains and building inspection process. Motion by Michael Henningsen to adopt ordinance #161 adding Chapter 18, Section 18.010, Power and

Minutes
Minden-Gardnerville Sanitation District
April 5, 2005
Page 4

Authority of Inspectors to the MGSD ordinance. Seconded by O.P. Brown, Jr. Vote: 3 ayes, 0 nays, absent; Jerome Etchegoyhen. Bill presented copies of the corrected completed MGSD code and discussed other legal issues with the Board.

Engineer's Report: Bruce Scott discussed the concept of pre-treatment sampling when Bently Nevada began business and the fact that GE has a much more sophisticated sampling process.

Bruce Scott reported that the agreements for Galeppi Land and Livestock and Park Cattle Company had been recorded by the MGSD Secretary and that he is moving ahead with the process to obtain the secondary permits from NDEP.

Bruce Scott related that RCI is working with Frank Johnson concerning the upcoming rehabilitation project and hopes to have the project out to bid in May, 2005 with bid award by the Board at the June 7, 2005 meeting. The manhole in Sharkey's parking lot will be included in the rehabilitation bid.

Bruce Scott reported that some TVing and cleaning had been done on 10th. Street where two laterals were found to be connected to an abandoned line. Frank Johnson related that an abandoned manhole had been found under Hwy. 395. Bruce discussed how the Hwy. 395 abandoned manhole could be handled. Frank discussed the bills received from Valley Septic and Sierra View Equipment for the emergency repairs on 10th. Street. Discussion followed.

Bruce Scott recommended that the Board approve the closure of the A & K Earth Movers retention account at Bank of America. Motion by O.P. Brown, Jr. to close the retention account for A & K Earth Movers at Bank of America. Seconded by Ronald Wilcks. Vote: 3 ayes, 0 nays, absent; Jerome Etchegoyhen. Discussion followed on the A & K Earth Movers retention account.

Minden-Gardnerville Sanitation District Tentative Budget for 2005-2006: Frank Johnson presented the tentative budget for fiscal year 2005-2006 which he reviewed in detail with the Board. Frank discussed the possibility of having the personnel session which has been on the June meeting agenda each year at an earlier date in order to establish a firm dollar amount for salaries in the budget. The Board directed that the personnel session remain on the June meeting agenda. Frank discussed the budget increases as well as percentage increases. Discussion followed. Motion by O.P. Brown, Jr. to approve the Minden-Gardnerville Sanitation District tentative budget for the fiscal year 2005-2006 including the tax rate of .1224. Seconded by Ronald Wilcks. Vote: 3 ayes, 0 nays, absent; Jerome Etchegoyhen. Frank Johnson informed the Board that employees Tim Sheet has obtained his Lab Technician I certification

Minutes
Minden-Gardnerville Sanitation District
April 5, 2005
Page 5

and that Justin Adie had obtained his Grade 1 certification. Frank also discussed hiring an office assistant in the new fiscal year.

Mr. Anker asked about the progress in moving the dirt pile from the treatment facility area to MGSD's property at Muller Lane and Hwy. 395. Frank Johnson related that work had stopped due to the weather, which has made the area too muddy to haul in the dirt. Frank has left a message with Henry Dreyer that the area is dry enough to resume work.

Meeting adjourned at 9:35 P.M.

Approved: 5-3-05 By: Jerome Etcheberry

MINDEN-GARDNERVILLE SANITATION DISTRICT
P. O. BOX 568
MINDEN, NEVADA

Minutes of special meeting, Monday, April 11, 2005, 12:00 P. M.,
Board Room, MGSD Treatment Plant, 1790 Hwy. 395, Minden, Nevada.

Board Members Present:

Jerome Etchegoyhen, O.P. Brown, Jr., Ronald Wilcks, Leonard Anker
and Michael Henningsen

Staff Members Present:

Frank Johnson and Bonnie Fetic

Others Present:

Bill Peterson, Craig Olson, Dave Backman, Walt Johnson, Dave and
Mike Grashuis, Kim Layton, and Robert Adamson

Continuation of Solids Contact Aeration Improvements Project--Bid Award: MGSD legal counsel, Bill Peterson, MGSD engineer, Craig Olson, Dave Backman and Walt Johnson representing K.G. Walters Construction, Dave and Mike Grashuis, Kim Layton and Robert Adamson representing Northern Sierra Construction were present for the Solids Contact Aeration Improvements project bid award. Craig Olson discussed the actual bid opening, bids and documentation which had occurred at the Solids Contact Aeration Improvements project bid opening on March 31, 2005. The apparent low bidder was Northern Sierra Construction--\$3,125,990 followed by K. G. Walters Construction--\$3,236,657. Craig related that there were two things in question on the low bid. A class "A" license is required for this project and Northern Sierra Construction has a 2 million dollar limit on their class "A" license. However, this issue was resolved by Northern Sierra Construction applying and receiving a one time increase on their license limit which is in accordance with State law. The second thing in question was experience qualifications. The project experience submitted under Specifications Section 00420 "Construction Contractors Qualifications Statement" did not appear to meet the requirement for projects "Similar in Scope and Nature." The projects listed were a jet fuel storage complex in Reno and the second project listed was a 10,000 sq. ft. concrete tilt-up school gymnasium in Truckee. After review of the scope and nature of these projects it was determined that these projects do not meet the experience requirements as outlined in the specifications. After consultation with MGSD legal counsel, Bill Peterson, it was Craig's recommendation to reject Northern Sierra Construction's bid on the grounds that the bid is non-responsive and did not adequately respond to the qualification procedures. Craig related that although the people contacted about each project listed gave positive recommendations to Northern Sierra Construction, that what weighed on his mind was what was best for the District. Craig also

Minutes
Minden-Gardnerville Sanitation District
April 11, 2005
Page 2

felt that MGSD's project was a quantum leap from the other projects performed by Northern Sierra Construction. Craig presented his letter from HDR Engineering dated April 11, 2005 stating his unfavorable recommendation to award the bid to Northern Sierra Construction. Bill Peterson advised the Board that public bodies are given latitude and are relied on by the court to rely on qualified input and to award bids to the lowest responsible bidder. In this case it would seem that the lowest bidder lacks experience. Frank Johnson related to the Board that he concurred with Craig Olson and Bill Peterson concerning the bid award before the Board. Robert Adamson of Northern Sierra Construction related that he felt his company had followed the qualifications clause in the bid. The jet fuel storage complex, a 5.2 million dollar contract was similar in scope, which included stainless piping, concrete walls and a concrete structure. The plans and documents for the jet fuel storage complex were offered for review. The other comparable project 60% in size was the gymnasium construction at 4.7 million dollars. Mr. Adamson felt that Northern Sierra Construction had met the bid requirements. Walt Johnson of K.G. Walters Construction presented a letter dated April 4, 2005, addressing their issues with the bid award before the Board. Dave Grashuis related that no one had looked at the jet fuel storage project plans and felt that it was a far stretch to say that his company was not qualified to do the work. Craig related that the jet fuel storage plans had never been given to him for review and therefore, he could not address the scope of that contract. He only had a conversation with a representative of the jet fuel storage complex and the conversations he has had with the representatives of Northern Sierra Construction. Mike Grashuis discussed other completed projects performed by Northern Sierra Construction. Craig read the qualifications from the bid documents. Dave Grashuis related that Northern Sierra Construction personnel exceeds the requirements in the bid documents. Craig felt that it would be a stretch for him to recommend award of the bid to Northern Sierra Construction not having seen the jet fuel storage plans. Robert Adamson discussed key personnel in Northern Sierra Construction who are qualified under the bid requirements. Craig felt that he had taken his investigation to the next level and called a number of people to give Northern Sierra Construction the benefit of the doubt. However, all of their completed projects were smaller in scope and dollars and were not similar to wastewater construction. Mr. Anker voiced his concern about the de-watering requirements for the project. Dave Grashuis related that his company is experienced in de-watering which has occurred in a number of their projects where high water tables existed. Mr. Anker discussed the difference in cost between the low and next lowest bid and possible higher inspection costs for low bidder. Dave Backman related that K.G. Walters Construction has done a number of projects for MGSD and that their work is known to the

Minutes
Minden-Gardnerville Sanitation District
April 11, 2005
Page 3

District. K.G. Walters Construction has experience in wastewater treatment construction, knows de-watering, does their own shoring, and are asking for consideration from the Board. Perhaps Northern Sierra Construction feels they can construct the project, but what if they can't? Mr. Backman related that Kim Layton was a former employee of K.G. Walters Construction and has had limited de-watering experience. Walt Johnson related that wastewater treatment construction is specialized work and many owners have been burnt because the contractor they hire just cannot do the work. K.G. Walters has the knowledge from performing construction for wastewater treatment plants over and over and MGSD can benefit from their expertise. Dave Grashuis related that his company is more than qualified to complete the contract and that they have done a tremendous amount of structural concrete and underground piping. Mr. Adamson related that all the projects done by Northern Sierra Construction have been completed satisfactorily. His company is not a California corporation and have been in northern Nevada for many many years. Bill Peterson advised the Board that they must find the low bidder to be either responsive and responsible or non-responsive and not responsible. The Board must exercise their judgement based on the discretion of the law. Bill read the law to the Board pertaining to the matter before them and advised them that they needed to make a judgement based on the law. Mr. Henningsen voiced his concern that the Board relies on technical insight and the fact that Mr. Olson has not had an opportunity to review the jet fuel storage plans and specifications to give the Board the true qualifications of Northern Sierra Construction. Mr. Brown felt that K.G. Walters Construction has done very satisfactory work for the District over the years and knows the plant facility. Mr. Wilcks concurred with Mr. Brown, but felt that it was a hard decision to make. A lengthy discussion followed by the Board concerning difference in dollar cost between the lowest and the next lowest bid, the fact that inspectors would be hired to make sure that construction was completed according to plan specifications, running the risk of litigation and its cost, HDR having lead MGSD well over the years in helping the Board with their decisions and making long range estimates that have proven out, mixed feelings by the Board, possible continuation of bid award to give Craig time to review jet fuel storage plans and to help Mr. Henningsen with his decision. Mr. Olson related that he did not make his recommendation to the Board lightly, but made it with the best information he has and feels comfortable with the recommendation he has given. Added information could possible sway his recommendation, but he did not feel that Northern Sierra Construction met the experience criteria and felt comfortable with his recommendation. Craig related that the Board also has the option of rejecting all bids due to the fact that all the bids came in higher than the engineer's estimate. Craig discussed the risks in re-bidding the project. Mr. Anker discussed rejecting all bids,

Minutes
Minden-Gardnerville Sanitation District
April 11, 2005
Page 4

construction being completed in favorable weather, and possibility of being more expensive to re-bid. Mr. Henningsen discussed time restraints for supporting data. Craig discussed the information Northern Sierra Construction submitted with their bid and the information given was what they were required to submit. Craig discussed the additional investigation he had done to obtain all the information he could about the low bidder. Mr. Brown complimented Craig for the job he had done in weighing the lowest and next lowest bid. Mr. Peterson reiterated to the Board that they must independently determine and affirm that the lowest bidder is either non-responsible and non-responsive or responsible and responsive to the bid. Dave Grashuis felt that without looking at the plans and documents for the completed jet fuel storage facility and perhaps walking the site that he did not feel the Board could make an objective decision. Mr. Grashuis related that they had not been asked to provide plans nor inspection of the jet fuel storage site work. Mr. Adamson felt that Northern Sierra Construction did meet the bid criteria and if his company were completely in left field, the bid would not be as close in price to the next bidders as it was. Mr. Johnson related that the scope and nature of the project is beyond Northern Sierra Construction's experience. The projects they have shown in their bid are not similar in scope and nature to the project before the Board. With little or no experience in treatment plant construction, the size of the project also appears to be a stretch of their A-General engineering license which has a 2 million dollar limit with a one-time raise to accommodate this specific project. One of the projects submitted was constructed under their B-General engineering license. Craig Olson related that Northern Sierra Construction's license is now a non-issue. Mike Grashuis related that they have their own mechanical and civil engineers in their office. Mr. Henningsen questioned whether there is enough information to know the low bidder is not qualified? Craig related that the information available to him told him the low bidder was non-responsive. Discussion followed on qualifications of low bidder. Mr. Peterson asked two questions. (1) Has the low bidder demonstrated four years of wastewater treatment construction experience? Answer: no. (2) Has low bidder demonstrated successful experience in wastewater treatment construction? Answer: no. Craig advised the Board that they were not obligated to make a decision or award the bid. They have 60 days to either award the bid or to reject all bids. The Board Members discussed at length what could be achieved by delaying the bid award, the longer they wait to make a decision the higher the cost, bidding climate is not good and costs have escalated 20% from a year ago. Motion by O.P. Brown, Jr. that Northern Sierra Construction are not the lowest responsible and responsive bidder due to lack of experience. Mr. Brown's motion died for lack of a second to his motion. Motion by Leonard Anker to award the contract for the Solids Contact Aeration Improvements

Minutes
Minden-Gardnerville Sanitation District
April 11, 2005
Page 5

Project which was bid on March 31, 2005 to the low bidder who is responsible and responsive. Seconded by Michael Henningsen. Vote: 3 ayes being Leonard Anker, Michael Henningsen and Ronald Wilcks, 1 nay being O.P. Brown, Jr.

Frank Johnson informed the Board that the Crestmore Townhomes project located near Elges Avenue and the old Walt Lee property was given a 6-month extension effective November 2, 2004 which would expire on May 2, 2005 for 73.6 units of capacity purchased for the project. The property owners have requested an additional 90-day extension due to the fact that the property is in escrow and is set to close April 15, 2005. Frank related that the MGSD code allows for one 6-month extension. Discussion followed on setting a precedent for time extension, extenuating circumstances, amendment of MGSD code and project entering into contract for infrastructure. Frank read the MGSD code pertaining to the matter before the Board. Bill Peterson related that there is a catch-all to relax the code if the Board wished to exercise it. Discussion followed. Motion by Leonard Anker to grant a 90-day extension expiring July 31, 2005 for the use of 73.60 units of capacity for the Crestmore Townhomes project. Seconded by O.P. Brown, Jr. Motion carried.

Meeting adjourned at 1:45 P.M.

Approved: 5-3-05 By: Jerome Etchegoyhen

MINDEN-GARDNERVILLE SANITATION DISTRICT
P. O. BOX 568
MINDEN, NEVADA

Minutes of regular meeting, Tuesday, May 3, 2005, 7:00 P.M., Board Room, MGSD Treatment Plant, 1790 Hwy. 395, Minden, Nevada.

Board Members Present:

O. P. Brown, Jr., Jerome Etchegoyhen, Ronald Wilcks, Michael Henningsen and Leonard Anker

Staff Members Present:

Frank Johnson, Bruce Scott and Bonnie Fettic

Others Present:

Craig Olson, Robbie Oxoby, Rose Towner, Mike Railey, Kent Neddenriep and Randy Harris

Claims Review and Approval: The claims were reviewed by the Board and questions answered by Frank Johnson, Bruce Scott and Craig Olson. Motion by Michael Henningsen to approve the claims for April, 2005 in the amount of \$93,769.20 and to approve the claims paid during the month of April, 2005 in the amount of \$2,665.56. Seconded by Ronald Wilcks. Motion carried.

Minutes of April 5, 2005 and April 11, 2005: The Board reviewed the minutes of April 5, 2005 and April 11, 2005. Motion by O.P. Brown, Jr. to approve the minutes of April 5, 2005 and April 11, 2005. Seconded by Leonard Anker. Motion carried.

HDR Engineering--Contract Amendment for Construction Services for Solids Contact Aeration Project--Represented by Craig Olson. Craig informed the Board that Northern Sierra Construction is ready to move forward on the Solids Contact Aeration project awarded to them on April 11, 2005. Discussion followed concerning Northern Sierra Construction, their bid, their experience, Craig's impressions of their operation, K.G. Walters reaction to MGSD awarding the bid to Northern Sierra Construction and how the bid award system works. Craig related that the project is not as complex as some of the other construction projects completed for MGSD. Craig related that the bonds and insurance are in place for the project. Craig presented the project contract which had been executed by Northern Sierra Construction for execution by the Board. Motion by Leonard Anker to authorize the Chairman to execute the Solids Contact Aeration project contract to Northern Sierra Construction on behalf of MGSD in the amount of \$3,125,990.00. Seconded by O.P. Brown, Jr. Motion carried. The Chairman executed the document and was attested by the Secretary-Treasurer. Craig related that the contractor will begin boring and setting the pumps for the de-watering next week. Discussion followed concerning the engineering and inspection for the project. Bruce Scott related that in the

Minutes
Minden-Gardnerville Sanitation District
May 3, 2005
Page 2

past Resource Concepts has provided inspection and have entered into a contract with HDR Engineering for the inspection phase which is part of HDR's construction agreement with MGSD. Craig presented Change Order No. 1 to Agreement For Professional Engineering Services in the amount of \$349,930.00 for Board approval. Craig explained that the change order provides for construction engineering services, shop drawings, O&M manuals, test reports, as-built drawings, inspection, etc. Craig also explained that in the past, MGSD has actually awarded the bid before HDR Engineering submitted the contract amendment for the actual construction engineering and inspection. Craig further explained how the costs are derived and the change order amount is in line with past MGSD construction. Craig related that HDR Engineering will continue to provide MGSD with a graph showing the curve of completed construction and completed engineering as the project progresses. Bruce discussed the project inspection Resource Concepts will provide. Mr. Anker questioned Craig about project change orders? Craig related that he felt there should be no major change orders in this project. Motion by Leonard Anker to approve Change Order No. 1 to Agreement For Professional Engineering Services between MGSD and HDR Engineering for services during the construction phase of the Solids Contact Aeration project for general construction engineering in the amount of \$184,930 and field representation by Resource Concepts in the amount of \$165,000 totaling \$349,930. Seconded by O.P. Brown, Jr. Motion carried. The Chairman then signed the change order. Craig Olson related to the Board that the rate study that the Board commissioned Rob Williams to prepare has not been done. Craig has taken over the project which will be completed by another person in the HDR Engineering office. Craig related that the old rate study needs to be updated and that a current rate study should be available for the June 7, 2005 meeting. Discussion followed concerning depreciation, calculations, old and new customers.

Craig Olson informed the Board that Robbie Oxoby was present to update the Board on the administration building addition and remodel of the existing building. Robbie discussed the plan review comments received from the building department and fire department. Robbie needs one more week to prepare the plans and bid documents, followed by authorization from the Board to put the project out to bid. Robbie discussed the time frame to go to bid, advertisement period, bid opening with possible bid award by the Board in July, 2005. Discussion followed concerning inflation factor, inspection and engineering. The Board directed that authorization to put the administration building project out to bid be added to the agenda for the special meeting on for May 19, 2005.

Walgreen's--Public Hearing for Annexation--Represented by Mike Railey. Frank Johnson informed the Board that proper noticing had

Minutes
Minden-Gardnerville Sanitation District
May 3, 2005
Page 3

been accomplished for the annexation of the Walgreen's property at the corner of Waterloo and Hwy. 395 and that it was in order to proceed with the public hearing for annexation of the property. Motion by O.P. Brown, Jr. to accept the annexation of the Walgreen's property located at the corner of Waterloo and Hwy. 395, parcel #1220-04-501-012,013 & 014 containing 85,131 square feet. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by Michael Henningsen. The Chairman called for public commentary. There were no replies. Vote: 4 ayes, 0 nays.

Syncon Homes--Plan Approval and Capacity Request--Represented by Rose Towner. Frank Johnson presented plans to the Board for the construction of a two story office building at Lucerne and Ironwood for their approval. Frank related that it would be necessary for the owner to purchase 5.6 units of capacity for the proposed building. Motion by Ronald Wilcks to approve the plans for Syncon Homes for the construction of a two story office building to be located at 990 Ironwood Drive. MGSD agrees to sell 5.60 units of capacity for the proposed building. The rules, regulations, requirements of MGSD are to be met and all fees paid. Seconded by O.P. Brown, Jr. Motion carried.

Ray VanWinkle and Toni VanWinkle--Acceptance of Sewer Main and As-Built Drawings--Represented by Kent Neddenriep. Mr. Neddenriep informed the Board that the VanWinkle property had been recently annexed to MGSD and that extension of the main has been completed and he was present to request that the Board accept the line and the as-built drawings. Bruce Scott presented a review letter from Resource Concepts dated May 3, 2005 recommending approval subject to three conditions contained in the letter. Mr. Neddenriep related that he was in agreement with Resource Concepts letter. Motion by Ronald Wilcks to accept the sewer main extension and as-built drawings for Ray VanWinkle and Toni VanWinkle (Resource Concepts Project #04002.11) on Frieda Lane subject to Resource Concepts letter dated May 3, 2005. Seconded by O.P. Brown, Jr. Motion carried.

Stodick Estates Phase 1--Acceptance of Sewer Main and As-Built Drawings and Release of Letter of Credit--Represented by Randy Harris and Kent Neddenriep. Bruce Scott presented a review letter dated May 3, 2005 from Resource Concepts resulting from survey work completed by Resource Concepts on April 29, 2005 for the constructed sewer main in Stodick Estates Phase 1. Bruce related to the Board that the contractor had some difficulty in constructing portions of the sewer to the approved plans and specifications including the 15-inch interceptor which connects at Toler Lane, coming across the Elges alignment to Stodick Lane, turning easterly on Stodick within the Phase 1 portion of the

Minutes
Minden-Gardnerville Sanitation District
May 3, 2005
Page 4

subdivision. Resource Concepts surveyors were unable to access two of the manholes in the 15-inch interceptor because of construction and manhole 18 was covered with a steel plate and could not be measured. Kent Neddenriep discussed the work which had been done since Resource Concepts inspection and hoped that Resource Concepts could reinspect the lines and verify the work so that the lines could be accepted by MGSD. Kent presented a map showing the constructed lines which were either colored yellow or orange. Kent requested that the Board accept the lines colored orange which were acceptable according to Resource Concepts letter of May 3, 2005 and add Stodick Estates Phase 1 to MGSD's special meeting agenda on May 19, 2005 for acceptance of the sewer main, as-built drawings and release of the letter of credit. Bruce related that it would be acceptable for the Board to approve the lines he recommended for approval in Resource Concepts letter of May 3, 2005. Discussion followed. Motion by Michael Henningsen to accept the sewer main between manholes 3 and 4, between manholes 5 and 4, and the portion of the main connecting manhole 4 to the existing manhole in Antares Avenue, the main between manhole 6 and the existing manhole at Toiyabe Avenue, the line between manhole 7 and the existing manhole in Elges south of the project as per Resource Concepts letter dated May 3, 2005. The letter of credit for the line construction is not released. MGSD is in agreement to adding Stodick Estates Phase 1, acceptance of sewer main, as-built drawings and release of letter of credit to the special meeting agenda on May 19, 2005. Seconded by Leonard Anker. Motion carried.

Stodick Estates Phase 2--Final Map Approval and Acceptance of Letter of Credit--Represented by Randy Harris and Kent Neddenriep. Kent Neddenriep related to the Board that the capacity had been paid for 49.0 units in Stodick Estates Phase 2 and requested acceptance of the final map. Kent also related that the line is being constructed per the plans approved by MGSD and requested that the Board accept a letter of credit for 150% of the engineer's estimate of \$140,000 in the amount of \$211,014. Bruce Scott related to the Board that there are no easements required for the final map. Motion by O.P. Brown, Jr. to accept the final map for Stodick Estates Phase 2 and to accept the letter of credit for line construction for 150% of the engineer's estimate of \$140,000. The rules, regulations and requirements of MGSD are to be met. Seconded by Leonard Anker. Motion carried.

Engineer's Report: Bruce Scott informed the Board that NDOT is preparing plans for a right turn lane on Hwy. 395 and Hwy. 88 and also the proposed round-about at County Road and Hwy. 88. NDOT has requested that MGSD locate the sewer lines in the construction areas and have informed Bruce that MGSD will be responsible for the cost to raise or lower MGSD's manholes in the construction areas.

Minutes
Minden-Gardnerville Sanitation District
May 3, 2005
Page 5

Bruce Scott discussed the various construction projects in the District and apprised the Board of the problems encountered in the Pebble Creek project due to rotten soils. Bruce related that all the entities involved worked together to solve the soils problem.

Bruce Scott discussed a bill which had come out of the legislature. Senate bill SB421 dealing with minutes keeping. The MGSD Secretary related to the Board that she and Frank Johnson had discussed the bill with MGSD legal counsel, Bill Peterson and that MGSD is probably in compliance with the current minutes keeping practice.

District Manager's Report: Frank Johnson discussed the authorization which had been given by the Board in the fall of 2004 to have Henry Dreyer remove the necessary dirt within the plant facility in order to start the solids contact aeration project. Frank described the wet conditions and the cobbles which had been hauled into the proposed area for the dirt to be dumped. Two axles have been broken on a truck Henry is using to haul the dirt due to muddy conditions. Henry Dreyer was present and discussed the problems he has encountered in attempting to move the dirt and the weather conditions delaying completion of the job. The contractor performing the solids contact aeration project is scheduled to be at the plant site on May 9, 2005 to begin dewatering so construction can start. Henry discussed a couple of options to get the dirt out of the construction site as well as working over the coming weekend. Henry proposed that two MGSD employees be authorized to work on Saturday so that two trucks could be operated for dirt removal. Frank and Henry discussed dumping sites with the Board, the time crunch they are faced with to get the dirt moved, and possibly contracting some other trucks. Mr. Henningsen felt that the dirt should be moved if it can be done safely, but not at a risk to equipment or people. Discussion followed on the remaining work and how it should be accomplished. The Board directed that Frank and Henry work together and use their best judgement in moving the dirt. Mr. Anker related that if Henry finds he is performing the work at a loss, he should return to the Board and discuss additional payment.

Frank Johnson related to the Board that the reservoirs on Muller Lane are full. Park Cattle and Byington do not want any effluent at this time because they do not need the water. However, Dan Nalder of Park Cattle related that he would take some of the effluent if it did not count against Park Cattle's entitled allotment. Frank related that it costs the District approximately \$450 per day at this time to pump to the Bently reservoir. Frank related that Park Cattle had used more than their allotment last year. Discussion followed concerning reducing the amount of effluent in the reservoirs, possibility of Bently paying for the

Minutes
Minden-Gardnerville Sanitation District
May 3, 2005
Page 6

pumping at the present time and controlling pumping costs. Frank related that his concern was to remove the effluent from the reservoirs the most economical to MGSD and still keep all the parties receiving effluent happy. The Board directed Frank to reduce the effluent in the Muller Lane reservoirs the most feasible way possible.

Frank Johnson related to the Board that it has been Board policy to appoint two board members to form a committee with the District Manager to review employee performance reports and make recommendations to the Board at the personnel session at the June meeting. The Board appointed trustees, Michael Henningsen and Ronald Wilcks to form a committee along with Frank Johnson to make recommendations to the Board during the personnel session at the June 7, 2005 meeting. The personnel committee is scheduled to meet May 19, 2005.

Frank Johnson related to the Board that MGSD employee, Justin Adie had given his resignation effective May 13, 2005. Frank discussed the second person in line for the trainee position when Mike Rogers was hired by MGSD. Frank discussed hiring an experienced operator due to the upcoming retirement of Russ Lindell in 2006. Discussion followed concerning hiring an experienced operator or a trainee. The Board directed Frank to fill Justin Adie's position with whatever experience he deemed necessary for a new employee.

Mr. Anker asked Frank Johnson how the commercial building inspections were progressing? Frank related that he had taken MGSD employee Tim Sheets with him and Tim performed one inspection. Frank will be preparing letters to send to commercial property owners informing them that inspection of their premises will take place. Frank will continue to train Tim to perform commercial inspections.

Meeting adjourned at 9:30 P.M.

Approved: 6-7-05

By: Jerome Etcheberry

MINDEN-GARDNERVILLE SANITATION DISTRICT
P. O. BOX 568
MINDEN, NEVADA

Minutes of special meeting, Thursday, May 19, 2005, 12:00 P.M.,
Board Room, MGSD Treatment Plant, 1790 Hwy. 395, Minden, Nevada

Board Members Present:

Jerome Etchegoyhen, Leonard Anker, O.P. Brown, Jr., Ronald Wilcks
and Michael Henningsen

Staff Members Present:

Frank Johnson, Bruce Scott and Bonnie Fettic

Others Present:

Craig Olson, Robbie Oxoby, Kent Neddenriep and Randy Harris

HDR Engineering and Oxoby Architecture--Authorization to Bid MGSD Administration Building Improvements--Represented by Craig Olson and Robbie Oxoby. Robbie Oxoby related to the Board that the drawings and specifications for the MGSD Administration Building Improvements would be ready to go out to bid in approximately two weeks after finalization and printing of the bid documents. Robbie discussed printing 6 sets of plans for each contractor and 1 set for each sub-contractor with a refundable fee for each set of plans and specifications purchased. Selling the plans and specifications with a refundable fee would eliminate having plans available for others to duplicate. Mr. Olson discussed the way HDR Engineering handles their plans and specifications. Discussion followed. The Board directed Mr. Oxoby to handle the plans and specifications however he wished. Plan distribution will be handled by Oxoby Architecture. Robbie presented the Board with a graph outlining a time table beginning with the finalization of the bid documents through the construction phase to the project finalization, approximately April 10, 2006. Discussion followed concerning the administration offices move from the old building to the new building at which time remodeling will begin on the old part of the building. Robbie and Craig discussed the rolls each of their firms would play during the construction phase of the project. Robbie discussed the testing firms who would likely be used. Robbie discussed the inspection and construction engineering fees during the construction phase of the project which he projected to be in the 10% range of the bid. Robbie discussed the inspection and how inspection requirements would depend on the contractor who is awarded the bid. Discussion followed on bidding climate, reputable contractors, change orders, dollar differences in bids, legal noticing requirements and limiting advertisement range. Robbie discussed limited or wide range of bid advertisement exposure. Discussion followed. Motion by O.P. Brown, Jr. to authorize Oxoby Architecture to advertise for bids for the MGSD Administration Building Improvements Project. Seconded by Ronald Wilcks. Mr.

Minutes
Minden-Gardnerville Sanitation District
May 19, 2005
Page 2

Anker asked if the cost estimate had changed since Robbie's initial estimate. Robbie related that he felt comfortable with his initial estimate of \$1.280 and discussed the bidding climate and some of the dollar amounts on bids that have been recently received on public buildings. Robbie related that the Board does not have to award the bid if they feel the dollar amount is too high. Robbie discussed other solutions to reduce costs if the bids come in too high. Mr. Anker discussed design costs, construction estimate and project construction engineering, inspection and testing costs. Vote: 4 ayes, 0 nays.

Public Hearing for Augmentation of 2004-2005 Budget: MGSD accountant, Richard Peters of Richard J. Peters, Jr. & Co. was present to review and answer questions concerning the amended 2004-2005 budget. Richard reviewed the necessary changes to the current budget. Discussion followed. Motion by O. P. Brown, Jr. to approve the amended 2004-2005 budget for the Minden-Gardnerville Sanitation District. Seconded by Leonard Anker. The Chairman called for public commentary. There were no replies. Vote: 4 ayes, 0 nays.

Public Hearing for Tentative Budget 2005-2006: MGSD accountant, Richard Peters of Richard J. Peters, Jr. and Co. was present to review and answer questions concerning the finalization of the 2005-2006 budget. Richard related to the Board that there had been no changes made from the 2005-2006 tentative budget to the 2005-2006 final budget. Discussion followed. Motion by Leonard Anker to approve the final budget for 2005-2006 for the Minden-Gardnerville Sanitation District. Seconded by O.P. Brown, Jr. The Chairman called for public commentary. There were no replies. Vote: 4 ayes, 0 nays.

Stodick Estates Phase 1--Acceptance of Sewer Main, As-Built Drawing and Release of Letter of Credit--Represented by Kent Neddenriep and Randy Harris. Bruce Scott presented a review letter from Resource Concepts dated May 13, 2005 recommending approval of the remaining sewer improvements in Stodick Estates Phase 1 subject to five conditions contained in the letter. Mr. Neddenriep related that all parties were in agreement to the conditions of Resource Concepts letter and presented a two-year warranty from the contractor for the constructed sewer main. Discussion followed on the as-builts and Kent explained the problems which had occurred with the as-builts. Discussion followed on the problem areas in the line construction. Bruce related that he felt comfortable in having the Board release the letter of credit MGSD is holding as collateral for construction of the line. Discussion followed. Motion by Leonard Anker to accept the sewer main improvements and as-built drawings for Stodick Estates South Phase 1, subject to Resource Concepts letter dated May 13, 2005. MGSD agrees to

Minutes
Minden-Gardnerville Sanitation District
May 19, 2005
Page 3

release the letter of credit the contractor provided to MGSD.
Seconded by O.P. Brown, Jr. Motion carried.

District Manager's Report: Frank Johnson discussed the on going problems in attempting to relocate the dirt pile from the plant facility to make way for the solids contact aeration project. Mr. Henningsen discussed a conversation he had with Bob Allgeier who is a resident of Westwood Park. Mr. Allgeier would like to attend the June 7, 2005 meeting to discuss the Westwood Park Homeowners concerns in the relocation of MGSD's dirt. Craig Olson and Frank thought 1/4 to 1/3 of the pile remained to be removed. Discussion followed to try to find an avenue of disposition of the dirt pile. The Board would like to try to use the dirt on MGSD property. The Board directed Frank to try to find somebody to haul the dirt pile off the plant facility property. Mr. Anker suggested including it in the June 7, 2005 agenda if a solution does not develop in the meantime.

Craig Olson discussed the rate study HDR Engineering is completing for MGSD. Rates, rates other entities are charging, fair rates uniformity charged and MGSD's contract with GRGID were discussed. Craig hopes to have the rate study ready for Board review at the June 7, 2005 meeting.

Bruce Scott discussed Nu-Systems at Hwy. 756 and Dresslerville being served under contract by MGSD, but has been annexed to GRGID. Bruce recommended that the Board consider having GRGID serve all the properties located on the bluff which are in GRGID's service area.

Craig Olson related to the Board that the pre-construction conference with Northern Sierra Construction went very well and they are now de-watering in preparation to begin construction.

Meeting adjourned at 1:30 P.M.

Approved: 6-7-05

By Jerome Etcheberry

MINDEN-GARDNERVILLE SANITATION DISTRICT
P. O. BOX 568
MINDEN, NEVADA

Minutes of regular meeting, Tuesday, June 7, 2005, 7:00 P.M., Board Room, MGSD Treatment Plant, 1790 Hwy. 395, Minden, Nevada.

Board Members Present:

Michael Henningsen, Ronald Wilcks, O. P. Brown, Jr., Leonard Anker and Jerome Etchegoyhen

Staff Members Present:

Frank Johnson, Bruce Scott and Bonnie Fettic

Others Present:

Sharon and Gil Glacken

Claims Review and Approval: The claims were reviewed by the Board and questions answered by Frank Johnson, Bruce Scott and Bonnie Fettic. Motion by Leonard Anker to approve the claims for May, 2005 in the amount of \$294,822.00 and to approve the claims paid during the month of May, 2005 in the amount of \$9,798.30. Seconded by O.P. Brown, Jr. Motion carried.

Minutes of May 3, 2005 and May 19, 2005: The Board reviewed the minutes of May 3, 2005 and May 19, 2005. Motion by O.P. Brown, Jr. to accept the minutes of May 3, 2005 and May 19, 2005. Seconded by Ronald Wilcks. Motion carried.

District Manager's Report: Frank Johnson informed the Board that the effluent ditch from pump station #1 to pump station #2 is leaking. The ditch is 20 years old and cracking and upheaval has occurred. Bruce Scott and Frank performed an on site inspection. Bruce feels that repair can be made by lining the ditch with a heavy flexible vinyl liner which would provide a heavy seal at a reasonable cost. Bruce told the Board that his best guess would be between \$10,000 and \$20,000 vs. piping the ditch to include head boxes which would cost \$190,000 to \$200,000. Frank told the Board about Henry Dreyer's concerns at the loss of a potential crop if irrigation is not provided to the property owned by MGSD at Muller Lane and Hwy 395. Discussion followed concerning liner, sealing the cracks, liner installation, vinyl products available, dewatering during ditch repair and discharge to ponds. Bruce suggested obtaining some estimates and the procedures which would be used for repair and possibly having a special meeting to decide on the ditch repair. The Board agreed with Bruce's suggestion.

Quiznos--Plan Approval and Capacity Request--Represented by Sharon and Gil Glacken. Frank Johnson presented plans for Board approval for Quiznos Sub to be located at 1649 Lucerne, Suite C, Minden Village. Frank related that it would be necessary for the owner

Minutes
Minden-Gardnerville Sanitation District
June 7, 2005
Page 2

to purchase 5.4 units of capacity for the business. There is 1.0 existing unit of capacity which will be utilized by T-Mobile. Motion by O.P. Brown, Jr. to approve the plans for Quiznos at 1649 Lucerne, Suite C in Minden Village and to sell 5.40 units of capacity. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by Michael Henningsen. Motion carried.

HDR Engineering--Connection Fee Analysis: Frank Johnson informed the Board that the representatives from HDR Engineering had not been able to complete their fee analysis and would not be present at the meeting. The report should be ready for the July 5, 2005 meeting.

District Manager's Report: Frank Johnson and Bruce Scott discussed the HydroTech contract deadline with the Board. Frank told the Board about the equipment issues HydroTech had been experiencing but felt that they will probably complete the contract on time. Discussion followed concerning past experience with HydroTech, video tape provided in the contract, Board could allow extra contract time due to high water table this year, MGSD personnel is watching the cleaning and televising procedure and cleaning is being done from manhole to manhole.

Frank Johnson informed the Board that he had received a call from Kent Neddenriep in regard to construction of a line for the Herbig property which is the old Walt Lee property in Gardnerville. The plans had been approved by the Board on August 7, 2001, but the line had never been constructed and now Mrs. Herbig wishes to proceed with the line construction so that she can connect the house and office trailer for service. Bruce Scott was consulted and Kent Neddenriep was informed that the approved plans should be reviewed and stamped with a current date. The 6-inch main will be a private lateral unless the property owner wishes to dedicate it to MGSD. Bruce related that any easements should be checked.

Frank Johnson informed the Board that the 2005 session of the Nevada State Legislature had passed Senate Bill 421. Frank discussed the ramifications of the bill with MGSD legal counsel, Bill Peterson who advised Frank that all meetings were to be audio recorded and that hand written minutes should continue. The bill provides that the tapes be maintained for five years. Discussion followed.

Engineer's Report: Bruce Scott related to the Board that he did not have anything to bring before the Board other than what Frank Johnson and he had discussed with the Board earlier in the meeting.

Personnel Session: The Board discussed the proposed salary scale

Minutes
Minden-Gardnerville Sanitation District
June 7, 2005
Page 3

adjustment and increase of 5% plus the proposed cost of living adjustment of 3.3%. Motion by O.P. Brown, Jr. to accept the recommendations. Seconded by Michael Henningsen. Vote: 3 ayes, 1 nay, being Leonard Anker.

Meeting adjourned at 9:30 P.M.

Approved: 7-5-05 By: Jerome Etcheberry

MINDEN-GARDNERVILLE SANITATION DISTRICT
P. O. BOX 568
MINDEN, NEVADA

Minutes of regular meeting, Tuesday, July 5, 2005, 7:00 P.M., Board Room, MGSD Treatment Plant, 1790 Hwy. 395, Minden, Nevada

Board Members Present:

O. P. Brown, Jr., Ronald Wilcks, Michael Henningsen, Jerome Etchegoyhen and Leonard Anker

Staff Members Present:

Frank Johnson, Bruce Scott and Bonnie Fetic

Others Present:

Kent Neddenriep, Rob Williams, Craig Olson, Peter Beekhof, Tyler Thew, Martin Stahl, Martin Streng, Elizabeth Henley, Robbie Oxoby and Randy Schow

Claims Review and Approval:

The claims were reviewed by the Board and questions answered by Frank Johnson and Bruce Scott. Motion by Leonard Anker to approve the claims for June 30, 2005 in the amount of \$101,935.37, the claims paid during the month of June, 2005 in the amount of \$1,414.88 and claims for July 6, 2005 in the amount of \$167,950.66. Seconded by O. P. Brown, Jr. Motion carried.

Minutes of June 7, 2005: The minutes of June 7, 2005 were reviewed by the Board. Motion by O.P. Brown Jr. to approve the minutes of June 7, 2005. Seconded by Ronald Wilcks. Motion carried.

HDR Engineering--Rate Study--Represented by Rob Williams and Craig Olson. Mr. Williams related to the Board that they had requested that a rate study be performed to determine if MGSD's capacity and connection were adequate. Rob presented a "Wastewater Reclamation System Capacity Charges" study to the Board. Rob reviewed Table 4 on page 7 of 9 in detail with the Board. Rob related that the Board may want to slightly increase fees, but it is not immediately necessary. Rob felt that the Board may want to consider establishing an equipment replacement fund for ageing equipment. Discussion followed concerning pumping costs, reviewing the information contained in HDR Engineering's rate study, whether growth covers expansion costs, etc. Bruce Scott felt that Mr. William's suggestion to fund depreciation was a good one. Bruce asked Mr. Williams if the plant facility is physically constrained to 5 million gallons. Rob related that the plant may be able to process a bit more than 5 million gallons with the current foot print. Bruce discussed current land densities, new master plan being done by the County and areas the plant should be able to handle. Discussion followed. Mr. Anker suggested that the rate

Minutes
Minden-Gardnerville Sanitation District
July 5, 2005
Page 2

study be placed on the September 6, 2005 agenda for discussion and action. The Board agreed with Mr. Anker's suggestion. Craig Olson discussed the research that Frank Johnson had done concerning fees other entities are charging and perhaps Frank's figures should encompass Washoe County. Frank will explore the inclusion of a depreciation fund with MGSD accountant, Richard Peters.

Administration Building Improvements--Bid Award--Represented by Robbie Oxoby. Mr. Oxoby presented the Board with the bid tabulation for the MGSD Administration Building improvements which had bid on June 30, 2005. Mr. Oxoby reviewed the bids with the Board and related that the low bid of \$1,831,000 was some \$600,000 over the original estimate. Robbie discussed the difficulty in the bidding climate at the present time, lack of bids from sub-contractors and increase in material prices. Robbie discussed problems that have arisen since the start of the project plans, but did not feel that re-bidding the project at a later time would make the construction cost less. Discussion followed. Robbie related that the low bidder, MGM Construction is an excellent contractor and recommended that the Board accept their low bid. Mr. Brown felt that MGSD should accept the low bid. Mr. Wilcks felt that MGSD needs the space, prices are going to keep escalating and that the Board has been planning the building expansion for quite awhile. Mr. Anker felt that MGSD has a space problem, but did not think that this building plan was the answer. MGSD has spent \$150,000 and the final cost will probably be 2.2 million. Mr. Anker further discussed the shop and garage space requirements and that the decision made by the Board should accommodate the space requirements to the plant build out. Mr. Anker felt that all bids should be rejected and to re-hire Oxoby Architecture to reexamine MGSD's needs for a better solution. Mr. Henningsen related that he felt that if Frank Johnson has any space concerns they should be addressed, but the District needs to be aggressive and felt it has been conservative long enough. It is time to project a better image. The longer the construction is put off, the more it will cost. Mike felt that Robbie had done an excellent job and unless there are major issues, Mike felt the Board should move ahead with the construction project. Frank Johnson related that he felt that the space issues addressed by Mr. Anker had been taken care of in the building plans. Mr. Etchegoyhen felt that the building improvements should have been built before the present time. Discussion followed. Motion by O.P. Brown, Jr. to award the Minden-Gardnerville Sanitation Administration Building Improvements project to the low bidder, MGM Construction in the amount of \$1,831,000. Seconded by Ronald Wilcks. Vote: 3 ayes, 1 nay being Leonard Anker.

Stodick Estates North--Annexation Application--Represented by Kent Neddenriep and Martin Stahl. Frank Johnson related to the Board

Minutes
Minden-Gardnerville Sanitation District
July 5, 2005
Page 3

that an petition of annexation, annexation application fee, vicinity map and preliminary title report had been received for the annexation of 64.23 acres located adjacent to Stodick Park. Discussion followed on the area to be annexed. Bruce Scott presented a review letter from Resource Concepts dated June 27, 2005 recommending approval by the Board to hear the project for annexation subject to two conditions contained in the letter. Motion by Leonard Anker to accept the application for Stodick Estates North for the annexation of 64.23 acres located adjacent to Stodick Park. The Secretary is directed to legally notice the property for public hearing for the August 2, 2005 meeting. Seconded by O.P. Brown, Jr. Motion carried.

LaCosta at Monte Vista--Represented by Tyler Thew. Mr. Thew related to the Board that the owners of the LaCosta at Monte Vista subdivision are requesting that they be allowed to secure the proposed sewer improvements based on the engineer's 150% cost estimate of \$240,178.13 in order for construction to proceed for their project. Bruce Scott presented a review letter from Resource Concepts dated June 28, 2005 recommending approval for the bonding of the balance of the sewer improvements relating to the LaCosta subdivision subject to four conditions contained in the letter. Tyler described the sewer improvements for the subdivision including the outfall. Certificate of occupancies cannot be obtained from the County until the line is completed. Frank discussed the staging area for the administration building project and informed Tyler that the LaCosta project would have to work around MGM Construction. Tyler discussed problems with NDOT and the Dreyer's. Tyler will give MGSD a schedule when the permit from NDOT is received and will do their best to stay out of MGSD's way. Bruce related that he had requested and received a certificate of insurance from Canyon Creek Construction. Discussion followed concerning starting the construction at the plant end of the line and construction time frame. Bruce related that he is comfortable with the engineer's estimate for the 150% security bond. Motion by O.P. Brown, Jr. to approve the security estimate provided by R.O. Anderson Engineering in the amount of \$240,178.13 in order for LaCosta at Monte Vista to begin construction in Phase 1, contingent on conditions in Resource Concepts letter dated June 28, 2005. MGSD does not object to a like amount being removed from the bond which is in place with Douglas County. Seconded by Michael Henningsen. Motion carried.

Southwest Gas Corporation--Request for 30'X75' Permanent Easement and Request for 20'X50' Temporary Easement--Represented by Martin Streng and Elizabeth Henley. Martin Streng of Southwest Gas Corporation related to the Board that Southwest Gas is requesting that MGSD grant a permanent 30' X 75' easement and a temporary 20' x 50' easement to construct and maintain an enclosed above ground

regulator station on MGSD property. The station would be designed to handle the increasing demand for gas service in Minden/Gardnerville and surrounding areas. Mr. Streng presented a map of the requested easements for Board review. Discussion followed concerning construction of the station further west and on the south side, getting out of NDOT's right-of-way and not be subject to NDOT's encroachment permit, line locations, Park Cattle, etc. The Board related that MGSD has already given a 10 ft. right-of-way tapering to 0 ft. for a right hand turn lane for Muller Parkway. Mr. Anker and Mr. Etchegoyhen felt that it was a bad place for Southwest Gas to build their regulator station because it will become a major by-pass road. The Board discussed the possibility of a regulator station in the area of MGSD's reservoirs on Muller Lane. Bruce Scott felt there may be room in front of MGSD's ponds. Discussion followed concerning a station further west which would making widening of the road less critical, Muller Lane & Hwy. 395 being a commercial corner. Bruce asked Kent Neddenriep if recording had taken place on the 10' to 0' easement MGSD had given for the Muller Parkway right turn lane and Kent related that it had not been recorded. The Board directed that Bruce Scott work with the Southwest Gas representatives to try to reach a solution for the regulator station Southwest Gas wishes to build and return to the Board with a solution. The Board would like to keep the station away from Muller Lane and Hwy. 395.

Minden-Gardnerville Sanitation District--Package Insurance Policy:
The Board agreed to discuss the package insurance policy issue later in the meeting since Alan Reed would be late to present the District policy provided by Warren Reed Insurance.

Crestmore Townhomes--Capacity Extension--Represented by Kent Neddenriep and Peter Beekhof. Mr. Beekhof informed the Board that he had recently purchased the Crestmore Townhomes project. The previous owner had purchased 73.6 units and in running into difficulty with the project had obtained two extensions from MGSD. The latest extension expires on July 31, 2005. Mr. Beekhof related that he had purchased the capacity in escrow in May, 2005. Mr. Beekhof related that he wishes to change the project concept and that there is not enough time to obtain plan approvals in order to use the purchased capacity by July 31, 2005. Mr. Anker related that MGSD has rules concerning capacity use to keep project owners from stringing the capacity use along. Discussion followed. Mr. Beekhof related that he will be able to proceed with his project and requested that the Board allow him a period of one year to use the allocated capacity. However, he would be agreeable to whatever extension time the Board would grant. Discussion followed concerning the fact that when a contract is signed for the project, the capacity then has a beneficial use. Motion by Leonard Anker that MGSD grants Crestmore Townhomes a time extension for the use

of 73.60 units of capacity to April 6, 2006. Seconded by O.P. Brown, Jr. Motion carried.

Engineer's Report: Bruce Scott related to the Board that he wished to follow up on Southwest Gas Corporation's easement request. It is his understanding that the Board felt that Southwest Gas needs to move to the west and not impede long term development with their easement request. Discussion followed concerning requested easement location, selling Southwest Gas an easement, cost to Southwest Gas for easement, better solution to have easement further west, etc.

Bruce Scott discussed Douglas County's master plan and their error in showing MGSD as provider for sewer service to the piece of property next to Williams Industrial Park and the Allerman Canal. The property is not in MGSD's service area. Bruce discussed the possibility of MGSD providing service for more than 5 mgd. A lengthy discussion followed.

Bruce Scott related to the Board and Bob Allgeier of the Westwood Patio Homeowners Association has requested that MGSD spray the weeds on the MGSD side of their fence. Frank Johnson related that MGSD would take care of spraying the weeds and he would contact Mr. Allgeier and discuss the area where the weeds should be sprayed.

District Manager's Report: Frank Johnson passed out copies of "Water Logged", a magazine published by the Nevada Rural Water Association which featured a picture of the MGSD employees and a picture of a portion of the odor control system on the cover.

Frank Johnson informed the Board that the northeast corner in the first turn of the effluent ditch is leaking. Frank described the severity of the leaking to the Board. Frank related that he had tried to get estimates for repair, but received only one estimate for a 60 MIL vinyl liner which is the same material as the liner used by Bently for their reservoir. Frank talked to Jim Usher who related that the company giving the estimate had also done the work for the Bently reservoir. The estimate was \$45,000 - \$50,000. Frank described the repair process which would also require some excavation to accomplish the work. Frank related that MGSD may have to get a variance from NDEP to by-pass the effluent while the work is being done. Frank related that the work would involve approximately 2,300 feet of ditch and showed a map of the damaged ditch area to the Board. Frank requested Board approval to proceed with the ditch repairs. Motion by O.P. Brown, Jr. to proceed with a 60 MIL vinyl liner to repair MGSD's damaged ditch to include a 1-year manufacturers warranty. Bruce Scott discussed obtaining approval from NDEP to move forth on an emergency basis and to put together a schedule with NDEP to complete repairs in the fall.

Minutes
Minden-Gardnerville Sanitation District
July 5, 2005
Page 6

Bruce also discussed NDEP's history in handing out \$25,000 per day violation fines. Mr. Brown withdrew his earlier motion. Motion by O.P. Brown, Jr. that the MGSD Board recognizes the potential leakage in the pickup ditch on MGSD's property as an emergency and authorizes District Manager Frank Johnson to proceed with vinyl lining the ditch in a schedule and manner approved by NDEP. Seconded by Ronald Wilcks. Motion carried.

Frank Johnson discussed the televising and line cleaning performed on MGSD's lines by HydroTech. There are three pages of concerns to be addressed including cracks in manholes, broken grade rings, broken covers, root intrusions, etc. Frank discussed the mobile building at the Senior Citizen's Center found to be over MGSD's line blocking access to a manhole, which will be moved by Douglas County and also the intrusion of Elm trees blocking HydroTech's access to clean and televise the line. Frank related that an MGSD employee was with HydroTech full time while the work was being performed. The tapes provided by HydroTech have not yet been reviewed.

Frank Johnson related to the Board that the gate on the Ironwood Drive side of the MGSD facility will probably have to be replaced. Frank described the problems MGSD has had with the gate as well as damage resulting from the wind. The Board authorized the District Manager to take whatever steps he feels are necessary to solve the gate problem.

Frank Johnson related to the Board that he would like to attend a seminar in Salt Lake City given by the Water Environment Federation which will cover plant vulnerability safety and terrorism on July 19th. through July 22nd. All costs except incidentals will be paid by the Water Environment Federation. The Board agreed Frank should attend the seminar in Salt Lake City.

Frank Johnson related that he is working on commercial inspections. Property owners in the Industrial Park have been notified that their property will be inspected as well as the three super market complexes. Frank will be training MGSD employee, Tim Sheets to also conduct building inspections.

Frank Johnson discussed setting a date for interviews for potential hires. Mr. Brown and Mr. Wilcks will be on the interview panel on July 13, 2005.

Secretary's Report: Bonnie Fettic discussed the memo she had sent to the Board in regard to the possibility of moving MGSD's Banking business to Business Bank of Nevada. Bonnie reviewed the memo with the Board and suggested that if the Board wished to move MGSD's banking business to Business Bank of Nevada that the money market

Minutes
Minden-Gardnerville Sanitation District
July 5, 2005
Page 7

interest checking account currently at Bank of America be moved in order for MGSD to obtain a larger rate of interest and to hopefully make wire transfers to the State Treasurer an easier task. If that works out favorably, then consider moving the checking account from Wells Fargo. Discussion followed. Motion by Leonard Anker to move MGSD's money market interest checking account from Bank of America to Business Bank of Nevada. Seconded by O.P. Brown, Jr. Motion carried.

Minden-Gardnerville Sanitation District--Package Insurance Policy:
In view of the absence of Alan Reed of Warren Reed Insurance, the Board directed that the District Manager review the coverage for MGSD's buildings and equipment with Alan Reed to insure that there is adequate coverage. Frank Johnson discussed the 1956 Dodge truck which is not running and is parked in the rear of the plant facility. The Board directed Frank to dispose of the 1956 Dodge truck.

Meeting adjourned at 10:45 P.M.

Approved: 8-2-05 By: Jerome Etchegoyhen

MINDEN-GARDNERVILLE SANITATION DISTRICT
P. O. BOX 568
MINDEN, NEVADA

Minutes of regular meeting, Tuesday, August 2, 2005, 7:00 P.M., Board Room, Minden-Gardnerville Sanitation District, 1790 Hwy. 395, Minden, Nevada.

Board Members Present:

Jerome Etchegoyhen, Ronald Wilcks, O. P. Brown, Jr., Michael Henningsen, and Leonard Anker

Staff Members Present:

Frank Johnson, Bruce Scott and Bonnie Fetic

Others Present:

Kent Neddenriep, Robbie Oxoby, Martin Stahl

Claims Review and Approval:

The claims were reviewed by the Board and questions answered by Frank Johnson, Bruce Scott and Bonnie Fetic. Motion by O.P. Brown, Jr. to approve the claims for July, 2005 in the amount of \$298,560.71 and to approve the claims paid during the month of July, 2005 in the amount of \$35,689.78. Seconded by Ronald Wilcks. Motion carried.

Minutes of July 5, 2005: The minutes of July 5, 2005 were reviewed by the Board. Motion by O. P. Brown, Jr. to approve the minutes of July 5, 2005. Seconded by Leonard Anker. Motion carried.

Stodick Estates North-Public Hearing for Annexation—Represented by Kent Neddenriep and Martin Stahl. The Board was informed that proper noticing had been accomplished and that it was in order to proceed with the public hearing for annexation of 64.23 acres located adjacent to Stodick Park and wrapping around to Chichester Estates. Mr. Neddenriep informed the Board that the Town of Gardnerville has refused to annex the 5-acre parcels within Stodick Estates North because they provide storm drains, street cleaning, etc. to smaller lots and do not wish to extend that service to 5-acre parcels. Douglas County is not requiring public sewer to the 5-acre parcels. Therefore, Mr. Neddenriep requested that the Board annex only the smaller lots which the Town of Gardnerville will annex which totals 38.84 acres and presented a new legal description for that acreage. Bruce Scott advised the Board that the legal advertising was adequate for the new legal description since the acreage advertised was for the full 64.23 acres. Discussion followed concerning the possibility that the property owners of the 5-acre parcels may wish to annex those parcels in the future, land under Muller Parkway not

being annexed to the Town of Gardnerville, developers requesting that the Gardnerville Town Water annex Muller Parkway for water service although it will not be annexed to the Town of Gardnerville, streets of un-annexed areas being maintained by Douglas County, etc. Motion by Leonard Anker to accept the annexation of Stodick Estates North consisting of 38.84 acres, subject to Resource Concepts letter dated June 27, 2005. Discussion followed concerning Gardnerville Town Water Company. Seconded by Ronald Wilcks. The Chairman called for public commentary. There were no replies. Vote: 4 ayes, 0 nays. Bruce Scott discussed sewer improvements for Stodick Estates North and possible extension of stubs to the other side of the street. Discussion followed concerning property ownership and slopes. Bruce and Mr. Neddenriep will work together to present a sewerage plan for Stodick Estates North to the Board for approval.

Arby's Minden—Capacity Request—Represented by Kent Neddenriep. Frank Johnson related to the Board that the Arby's—Minden to be located next to the AM-PM in Minden was previously allocated 8.30 units of capacity. New plans have been submitted requiring 2.70 units of additional capacity. The property owners are requesting that MGSD sell them the additional needed capacity. It was noted that the deadline for payment of the initial 8.30 units which had been all previously allocated was due to expire on July 6, 2005. Motion by O. P. Brown, Jr. to sell an additional 2.70 units of capacity for Arby's Minden. 8.30 units of capacity were previously allocated making a total of 11.0 units of capacity. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by Michael Henningsen. Motion carried.

Robbie Oxoby—Proposal for Construction Administration Services—Represented by Robbie Oxoby. Robbie related to the Board that he plans to give the Board an update on the administration building project at every Board meeting until it is completed. Robbie presented a sheet consisting of seven items which he reviewed with the Board. Robbie related that he has not completed the contract proposal for his administration of the project construction, but assured the Board that it would be less than 10% of the construction contract, and that he would have the contract proposal completed in another week. Robbie suggested that perhaps the Chairman could be given authority to sign the contract, although he was willing to work for MGSD another month without a contract. Robbie reviewed the services he will provide in the contract. Robbie related that a pre-construction meeting will be held on August 5, 2005 and notice to proceed on August 8, 2005. The insurance and bonds are in place. The contractor will execute the contract at the pre-construction meeting and then Robbie will take it to Mr. Etchegoyhen to execute on behalf of MGSD. The Board has previously given Mr. Etchegoyhen authority to execute the contract. Robbie reviewed what will be discussed at the pre-construction meeting and also discussed the required testing for the project. MGSD should enter into an agreement with Pezonella for the testing. Pezonella has done testing for MGSD's previous projects. Discussion followed on testing and the contract. Robbie discussed not having a "clerk of the works" which he did not feel was important for this project, since the architect will frequently be on site. The sample contract was

reviewed and the Board and Bruce discussed the AIA contract form. The Board directed that MGSD legal counsel, Bill Peterson review the contract prior to execution by the Chairman. Robbie related that he has printing and professional fees totaling \$12,670 not covered by HDR's contract. HDR's contract only covered the architecture expenses to the bidding phase of the project. Discussion followed. The Board elected to approve Mr. Oxoby's administration contract at the September 6, 2005 meeting.

Engineer's Report: Bruce Scott related to the Board that Resource Concepts is moving forward on line rehabilitation and discussed several areas of concern with the Board. Bruce suggested that the Board consider a rehabilitation budget of \$200,000-\$250,000 due to the fact that it is difficult to get good bids for small dollar projects. Bruce felt that there is enough rehabilitation work to make it worth while for some good bidders to bid the job. Bruce will have a good idea at the next meeting the areas where rehabilitation should be performed and the Board will be able to direct where they wish to spend rehabilitation dollars. Discussion followed by the Board and Bruce.

Bruce Scott discussed the County's master plan project with the Board.

Bruce Scott related to the Board that HydroTech has delivered all the documents and tapes relating to the recent line cleaning and televising. Bruce recommended that the Board authorize the release of HydroTech's retention in the amount of \$2,491.88. Motion by Leonard Anker to release the retention to HydroTech for the recent line cleaning and televising project they performed for MGSD in the amount of \$2,491.88. Seconded by O.P. Brown, Jr. Motion carried.

Frank Johnson presented a contract from Sierra Geosynthetic Services in the amount of \$37,941.21 for the repair of the effluent ditch discussed at the July 5, 2005 meeting. Bruce Scott recommended that the district move forward with repairs to the ditch. Frank related that the contract does not include trenching, cleaning and piping by-pass, but with MGSD having two contractors on site, the district should be to obtain a fair price for the work. Frank described the process for the ditch repair. Sierra Geosynthetic has proposed August 29, 2005 to September 30, 2005 to perform the work. Discussion followed. The Chairman signed the effluent ditch repair contract.

District Manager's Report: Frank reviewed some of the report which had been included in the Board's agenda packets. (copy attached) Frank discussed the Indian Hills General Improvement District sewage spill and the possibility of MGSD forming an emergency contingency plan including an influent by-pass system, should the influent pumping station fail, etc. Frank discussed the possibility of the District having a seven-day employee call back program and what it would cost. MGSD is currently using an automatic dialer program, but it is only effective if the MGSD operator is home to receive the call. Discussion followed. The Board did not feel such a program would be necessary at this time.

Frank Johnson discussed the replacement of the gate on the Ironwood Drive side of the plant facility. Three estimates have been received and Frank discussed the proposal price, gate material and the operation of each gate proposed with the Board. The Board directed that the double iron gate be installed at a cost of approximately \$1,750.00.

Frank Johnson related to the Board that MGSD employee Jon Kephart had obtained his Operator I certification. It is MGSD policy to grant a 5% salary increase for certification advancement. The Board agreed.

Frank Johnson discussed the seminar he had attended in Salt Lake City which focused on terrorist attacks and other catastrophic events. Frank related to the Board that while wastewater treatment plants are not yet required to have a contingency plan in the event of a terrorist attack or other catastrophic events, the EPA will be mandating it in the near future.

Frank Johnson related that he will meet with Alan Reed of Warren Reed Insurance to review MGSD's property insurance as per Board direction. Alan will have a report to present to the Board at the September 6, 2005 meeting.

Secretary's Report: Bonnie Fetic presented the paper work from Business Bank of Nevada for the Board's signature in order to open a money market interest checking account as per Board instruction.

Mr. Anker opened a discussion with the Board in regard to the possibility of increasing MGSD's capacity fees. Discussion followed by the Board Members.

Meeting adjourned at 9:30 P.M.

Approved: 10-4-05 By Jerome Etcheberry



Minden Gardnerville
Sanitation District

**Minden Gardnerville Sanitation District
District Managers Report
August 2005**

- 1) In light of the recent sewage spill experienced by the Indian Hills General Improvement District, I have been in conversation with Craig Olson of HDR to establish a contingency plan should our influent pumps or other system components fail. A possible influent by-pass system may be desirable. At the present time, failure of the influent pumping station would result in after several hours, a backup of the system.
One issue experienced by IHGID in addition to deferred maintenance of the system, was a lack of on-call personnel available to address emergency situations. Our current call back system consists of an auto-dialer system which calls out to MGSD personnel should an emergent situation or equipment malfunction occur. With this system, personnel are not required to be on stand-by nor should they be expected to without compensation. It may be beneficial to the District to have a stand-by program in which an assigned employee will be required to be "*on -call*" on a weekly basis. They would be required to be within a 30 - 45 minute response time and be compensated for stand-by time.
- 2) Southwest Gas Company requested an easement along Muller Lane at the July meeting. I contacted Bill Peterson about possible compensation rates for such easements. He cited an easement of **4.36** acres which was recently granted to Sierra Pacific for a total of \$200,000, which equated to approximately \$46,000 per acre. He feels that using the same criteria for Southwest Gas would be fair and equitable compensation. It has not been determined how much area would be required at this time.
- 3) The construction of the administration building is ready to be started as soon as August 1st depending on finalization of the agreements. I have spoken with Robbie Oxoby and he will be at the August meeting with additional information.
- 4) We have received three estimates for the repair of the Ironwood gate with a couple of different options available. One option would be the installation of a wrought iron style gate instead of the current chain link style. Another option would be a chain link style on a track system in which the gate would slide open sideways. In the interim, the privacy slats have been removed to alleviate further damage to the existing gate.

- 5) I met with Bob Allgeier of the Westwood Homeowners Association in regards to the issue of the weeds along the fence between the homes and the plant. MGSD staff cut the weeds with a brush-hog and followed up with weed killer. Convincing them that the water table problem they have been experiencing is not coming from MGSD proved not to be as simple.
- 6) The effluent ditch which was noted to be leaking was temporarily lined in the area of leakage with visquine material and secured with sandbags. While slowed somewhat, the leakage was still evident. However, the fields appear to be making a comeback at this time. We are moving towards a fall time table for repair of the ditch in accordance with NDEP.
- 7) MGSD employee Jon Kephart recently obtained his Grade I Wastewater Certification. It has been District policy in the past to compensate employees with an additional 5% increase in salary upon obtaining a higher certification.
- 8) I recently attended an intensive 3 day seminar in Salt Lake City in which they taught how to assess plant vulnerability and how to implement a contingency plan in the event of a terrorist attack or other catastrophic events. In response to the 9/11 attacks, the EPA has mandated that all water treatment plants comply with new regulations to assess threats of this nature and to have a contingency plan intact. While not yet mandated for wastewater treatment facilities, it soon will be.
The seminar was funded by the EPA and the Water Environment Federation (WEF), with WEF picking up the tab for the event with free computer software provided to the attendees for their plant assessments. While typical with many other seminars and presentations of this type no vendors were present and nothing was being sold. I anticipate sending additional personnel to the same training in the near future.
- 9) It was requested that I meet with Alan Reed of Warren Reed Insurance to help clarify the building information which was provided in the Insurance Summary. I provided him a layout of the plant and together we are working on identifying the buildings and equipment as necessary. As he is presently out of town, it is doubtful that anything will be resolved in time for the August board meeting.
- 10) At the July 5th 2005 Board meeting the recording device for the meeting malfunctioned and therefore the meeting was not recorded. This is to be resolved by the August meeting.



Frank Johnson
District Manager



P.O. BOX 568
MINDEN, NEVADA

Minutes of regular meeting, Tuesday, September 6, 2005, 7:00 P.M., Board Room, Minden-Gardnerville Sanitation District, 1790 Hwy. 395, Minden, Nevada.

Board Members Present:

Jerome Etchegoyhen, Ronald Wilcks, O.P. Brown, Jr., Michael Henningsen, and Leonard Anker

Staff Members Present:

Frank Johnson, Bruce Scott, Bonnie Fetic, and April Burchett

Others Present:

Robbie Oxoby, Rob Williams, Kent Neddenriep, John Dion, Alan Reed

Claims Review and Approval:

The claims were reviewed by the Board and questions answered by Frank Johnson, Robbie Oxoby, and Rob Williams. Motion by Leonard Anker to approve the claims for August, 2005 in the amount of \$476,436.45 and to approve the claims paid during the month of August, 2005 in the amount of \$9,779.06. Seconded by O.P. Brown, Jr. Motion carried.

Minutes of August 2, 2005: The minutes of August 2, 2005 were reviewed by the Board. Motion by O.P. Brown, Jr. to accept the minutes of August 2, 2005. Seconded by Ronald Wilcks. Motion carried.

Robbie Oxoby -- Proposal for Construction Administration Services -- Represented by Robbie Oxoby. Robbie presented a contract from Pezonella Associates for Board signature. The Board reviewed and approved Pezonella's proposal last month, and the contract was ready to be signed. The contract was signed by Jerome Etchegoyhen. Robbie also presented a proposal for contract administration. The proposal would be ratified by AIA's Standard Form of Agreement between Architect and Owner, Form B-141-1997, and it would include inspections from the beginning of

the project construction and construction administration for the contract administration portion of the project. Design work was completed under a previous contract with HDR Engineering. This proposal is a fixed fee contract in the amount of \$85,000 for inspections by civil, architectural, structural, mechanical and electrical engineers, and represents about 4.5% of the construction costs. The payments would be based on the percentage of project completion. Discussion followed regarding the advantages of this method. Robbie cautioned that there may need to be additional inspections by the electrical and mechanical engineers. Their proposals to Robbie included two onsite inspections. If additional visits are necessary, these engineers will need to be compensated, so there is an additional amount above the fixed fee contract for compensation on an hourly basis not to exceed \$45,000. Discussion followed regarding setting aside additional money for costs above the fixed fee amount. Since there is no "clerk of the works" for this project, inspection will actually be a joint effort. Robbie will be onsite to inspect at least once a week and there will be an onsite meeting once a week. Discussion followed regarding setting a contingency amount for costs above the fixed fee contract. The Board authorized Frank Johnson to approve reasonable costs above the contract amount and to discuss any changes with the Board Chairman. Motion by O.P. Brown, Jr. to approve the fixed fee proposal for contract administration in the amount of \$85,000 for Oxoby Architecture. Seconded by Leonard Anker. Motion carried. Robbie and Frank Johnson discussed problems with the public entering the construction area. Frank stated that signs have been erected to designate the construction zone and to direct the public to the office. Robbie related that the contractor will be installing a fence between the parking area and the construction site. The contractor would also like to use the lawn north of the sidewalk as part of their staging area. The water to that part of the lawn is off now, and the lawn will be replaced at some point after the project. The Board felt this was acceptable. Robbie discussed the possibility, at Craig Olson's suggestion, that the proposed sewer lateral in the parking lot may be eliminated by tying into the 4" lateral that comes out of the lab building. It is deep enough, and it will be scoped this week to make sure the line is clean enough to be used. Discussion followed regarding processing change orders. Robbie will try to have one change order per month if needed, so if there are multiple items, they can all be handled at once rather than doing a change order for each item. The "Construction Change Directive" (CCD) form will be utilized, which requires the signatures of the architect and the owner's representative. The Board would approve the change orders brought at their monthly meetings. For those emergencies that occur between Board meetings, Robbie asked the Board to designate one person to sign the CCD on behalf of the Board so construction can keep moving. Discussion followed on various alternatives. The Board authorized Frank Johnson to sign the CCD at his discretion and to notify the Board Chairman. Anything excessive would require authorization by the Board.

HDR Engineering -- Rate Study -- represented by Rob Williams. Rob presented a study of Wastewater Reclamation System Capacity Charges. Discussion followed of the different methods HDR used of valuing MGSD's assets: the original out-of-pocket costs of the district, replacement costs in today's dollars, and replacement costs plus interest. The study was based on a maximum usage of 20,000 EDU's. Discussion followed regarding money earmarked for specific items, such as rehabilitation or replacement of equipment. Rob confirmed with the

Board that those earmarked funds could be reallocated if needed, since there are two items that could impact the capacity charges that the Board needs to be aware of. The first is the possible State requirement for tertiary treatment. NDEP has done a Total Maximum Daily Limit (TMDL) study on the Carson River, and the phosphorus and ammonia/nitrate limits are approaching the maximum figure, and the State may require treatment plants to improve their quality. The second item that would impact costs is an expansion of the service area. According to the study provided by HDR, MGSD should be charging between \$3300 and \$3800 per EDU, so the current \$3500 charge appears to be adequate. Discussion followed regarding the possibility of raising the capacity fee to \$3800 per EDU and the requirements of the Business Impact Statement. Rob said there needed to be some revisions to the study, and would like to come back next month with corrected figures. The Board agreed to discuss the study and a possible rate increase at the October 2005 meeting.

Stodick Estates South Phase 2 -- Acceptance of Sewer Main, As-Built Drawings and Release of Letter of Credit -- Represented by Kent Neddenriep. They are asking for acceptance of the sewer lines in Stodick Estates South Phase 2 subject to the six conditions outlined in Resource Concepts Inc.'s letter dated August 30, 2005 and release of the bond. Frank Johnson discussed the rewording of RCI's letter to accept the lines after the conditions have been met. There have been problems on other developments with completion of improvements prior to map signature. Frank related that MGSD staff is working on a checklist for project completion. The rewording will work better by giving MGSD the ability to accept a project after the conditions are met and by giving the Board an idea of what is outstanding. Kent agreed to MGSD's accepting the lines and releasing the security after the conditions have been met. Motion by Mike Henningsen to accept the sewer lines in Stodick Estates Phase 2 and release the letter of credit upon completion of the six conditions outlined in Resource Concepts, Inc.'s letter dated August 30, 2005, and to authorize MGSD staff to approve the project after the conditions have been met. Seconded by O.P. Brown, Jr. Motion carried.

Coldstone Creamery -- Plan Approval and Capacity Request -- Represented by John Dion. Frank Johnson outlined the proposed ice cream shop and related that the owner is requesting 4.8 units of capacity. The project is located in Minden Village Building A at 1645 Hwy. 395, Suite B. The capacity and connection fees are \$18,240.00. Discussion followed regarding calculating the fees. Motion by Ronald Wilcks to sell 4.8 units of capacity for Coldstone Creamery located at 1645 Highway 395, Building A, Suite B. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by O.P. Brown, Jr. Motion carried.

Alan Reed -- MGSD Property Insurance Report -- Represented by Alan Reed. Alan presented an insurance renewal summary and revised property schedule to the Board, updated in a more user-friendly format. Frank Johnson pointed out that the numbering of the Secondary Flow Split Structure No.1 (No. 15 of Alan's property schedule) was omitted from the photo included in the schedule, and that the proposed new structures were superimposed onto the photo. Alan related that the premium for most of the public entities within the Nevada Public Agency Pool went up about 6%, and that MGSD's went up about 5.6%. Discussion followed regarding administration

of the pool, negotiations for premium increases, and various deductibles within the pool. Alan stated that the amounts in the schedule were set by MGSD's costs as well as by an appraisal done about 5 years ago. Alan also related to the Board that the figures for the equipment for the Primary Clarifier #3, Grit Facility, Grit Dewatering Building, and Primary Sludge Pump Station need to be looked at since the schedule is showing no dollar amount for the contents. Frank Johnson asked if the recent loss control report would impact the coverage or premium, and Alan said that it should not. Alan pointed out that currently MGSD has \$13,336,900 in coverage on the structures and \$13,232,200 on the contents. Discussion followed on insurance coverage on the vehicles, and it was determined that coverage for the vehicles was adequate. The Board directed Alan to take another look at the contents for the Primary Clarifier #3, Grit Facility, Grit Dewatering Building, and Primary Sludge Pump Station structures. Alan will update the photo to include numbering of the Secondary Flow Split Structure No. 1, and when the new buildings are completed, he will update the insurance coverage.

GRGID -- Capacity Request – GRGID has not submitted a follow-up letter or sent MGSD a check for the fees. No action was taken by the Board.

Engineer's Report: Bruce Scott discussed the status of the new sewer main crossing Hwy. 395 to serve the Monte Vista Development. The line has not been constructed yet, since it has been put on hold by NDOT and the easements with the Dreyer's have not yet been worked out. There was another Preconstruction Conference last week. Frank Johnson related that there have been problems with the construction of the line coming into the plant. He asked the contractor to cease and desist until last week's Preconstruction meeting. Bruce outlined the awkwardness and constraints of the area.

Bruce discussed options for replacing the interceptor stub that the new line is tying into. The existing stub was placed for future interceptor purposes, but with 3 interceptors coming in from the south, Bruce felt that the existing interceptors could handle any future development from that direction. He felt that if the service area changed to the north, it would be worthwhile to keep a stub in place to serve new development in that direction. Discussion followed regarding various alternatives for the location of a stub for future development. The Board concurred that it would be best to work this out now, so that it can be implemented when the construction occurs for the line crossing Hwy. 395. The Board determined that a 24" line and manhole base should be tied into the proposed north-south line on the west side of the highway. The Board directed Bruce to coordinate with Tyler Thew at R.O. Anderson Engineering to include this in their construction.

Bruce related that RCI is working with the Byington's on water management. The Board discussed current effluent usage by Bently, Park, and Byington.

Bruce discussed the status of the rehabilitation project. He expects to be ready to go to bid in October or November 2005. He related that there is quite a bit of infiltration. At next month's meeting, he will go through the scope of the project and get authorization from the Board to go to bid.

Bruce related to the Board that he and Rob Williams discussed having their onsite inspectors help out with inspection of the administration building at no additional cost to MGSD.

Bruce related to the Board that NDEP has given approval to MGSD to discharge water into the Martin Slough as long as it is managed in accordance with the downstream users' permits. There are technical problems with NDEP's letter, and Marvin Tebeau is working with NDEP to correct them.

Bruce discussed the bids for excavation along the ditch. Two bids were received by MGSD with one bid at \$47,152 from L.M. Munns General Engineering and a second bid at \$15,490 from Northern Sierra Construction. Discussion followed regarding site constraints driving up the price of the bids. Bruce felt that the excavation needed to get going so the liner can be put in place to take care of the leaking. The Board agreed to accept the bid by Northern Sierra Construction of \$15,490.00.

District Manager's Report (see attached report): Frank Johnson related that Items 1, 2, 3, 6 and 7 of his report were discussed previously during the meeting. Item No. 4: The main waterline into the plant has broken 4 times. It's encased in concrete pursuant to the Town's requirement. The line needs to be replaced, and it can tie into the 6" fire suppression line for the new administration building. Frank felt that the replacement can occur during the construction of the new building. The Board directed Frank to look into this possibility and any costs with Robbie Oxoby.

Item No. 5: With new employees, MGSD is running short of vehicles. He asked the Board to consider purchasing an additional truck in the future. Discussion followed regarding the suitability of various vehicle types. Leonard Anker felt a decision should be made right away, since it needs to go out for bid. The Board directed Frank Johnson and Bonnie Feticc to research the purchase and get a cost to the Board.

Frank related that there was one other item that has come up since the preparation of his report. A lightning strike damaged the variable frequency drive (VFD) for the one of the influent pumps. Frank discussed the problem with Buffo Electric who has given MGSD various options. Frank felt that the best option is to replace the VFD. The Board authorized Frank Johnson to work with Buffo Electric to replace the VFD.

Meeting adjourned at 9:40 p.m.

Approved 10-4-05
date

By Genome Etchegoyhen



**Minden Gardnerville Sanitation District
District Managers Report
September 2005**

- 1) A representative from the Nevada Insurance Pool visited the MGSD site recently and gave the facilities "favorable remarks" for site safety and cleanliness. A few "minor" infractions were noted which will be rectified with the completion of the new administration building.
- 2) The repair of the effluent ditch has been tentatively scheduled for the month of September. We are currently awaiting the approval of NDEP to bypass the effluent through the Martin Slough and Klauber Pond. The effluent will then be picked up through the Rosser Ditch for land application by either Parks or Byington as necessary. I am also in the process of obtaining bids for the excavation along the sides of the ditch for the placement of the proposed liner material.
- 3) We have pumped a total of **292 MG** or **897 Acre/ft** of effluent to the Bently reservoir through the month of August, with Byington having received **28.5 MG** or **87 Acre/Ft** to date. We are now conveying water to Parks and anticipate that with the end of the summer months we will be able to reduce pumping to Bently as the other parties will be requiring more effluent.
- 4) We recently had to have Northern Sierra Construction repair the potable water line coming into the plant. This is the fourth repair to this line in as many years and I have looked into the possibility of replacing the line in conjunction with the installation of the new fire suppression line which is being installed for the administration building.
- 5) With the addition of the new employees we should consider the purchase of an additional truck as we have at times found ourselves short vehicles. While the present trucks are approximately 6 years of age, they should be capable of providing a few more years of service at this time.
- 6) With multiple construction projects on the plant premises we have been experiencing people having difficulty locating the office area and wandering into the construction areas. In an attempt to alleviate any concerns we have erected signage advising of the construction zones and

directing people to the office area. The signs will be available for future projects as well. Both construction projects appear to be progressing smoothly with minimal concerns at this time.

- 7) There have been some issues with the boring beneath Hwy. 395 and the tie-in of the line into our plant. It is hoped that all the issues will resolved soon so the project can be completed as necessary.

Frank Johnson
District Manager



P.O. BOX 568
MINDEN, NEVADA

Minutes of Special Meeting, Thursday, September 22, 2005, 12:30 P.M., Board Room, Minden-Gardnerville Sanitation District, 1790 Hwy. 395, Minden, Nevada.

Board Members Present:

Jerome Etchegoyhen, Ronald Wilcks, O.P. Brown, Jr., Michael Henningsen, and Leonard Anker

Staff Members Present:

Frank Johnson, Bonnie Fetic, and April Burchett

Others Present:

Kevin Coleman

K&S Properties (Net Development Co.) -- Market at Minden Village (Minden Village -- 1681 Lucerne, Bldg. I) -- Represented by Kevin Coleman. Kevin verified that he is the owner of the market at Lucerne and Ironwood. Frank Johnson presented the plans, and stated that K & S Properties is requesting capacity of 48.85 EDU's. Kevin expressed concern about the number of EDU's, and that he doesn't understand how the multiple sinks are calculated. Jerome Etchegoyhen asked if it was necessary to have the number of drains shown on the plans. According to Kevin, the building code requires it. Discussion followed regarding condensate drains. Kevin stated that there are ten cases in frozen foods, adding 10 more drains. But there is no water supply, and it all drains to one floor drain. Frank explained that a condensate drain is 0.05 or 1/20 of an EDU. Frank said that part of the EDU count is the extra hours of operation. MGSD charges an extra fee per drain if the business's hours of operation are more than 9 hours. Frank also explained that according to MGSD's Code, the food preparation area in markets does not take extra hours into account, and is calculated the same as a restaurant. Frank presented a letter from MGSD legal counsel Bill Peterson, received at MGSD late on September 21, 2005, that interprets the MGSD Code as it relates to drains and multiple sinks. Discussion followed regarding comparison of fee calculations in other areas. Kevin discussed concerns to the Board about how the drains are calculated and gave examples of EDU's for various businesses within

Minutes

Minden-Gardnerville Sanitation District

September 22, 2005

PAGE 2

Minden Village. Leonard Anker felt that the Board should take a look at MGSD's Code to see how the EDU's are calculated. He believed that when the original MGSD board set up the code, they had no knowledge of how much sewage came out of various projects. Jerome Etchegoyhen related that he appreciated Kevin's attitude to the Board and that he is not adverse to looking at the Code, but for right now, Kevin needs to have a decision today. O.P. Brown, Jr. expressed concern that if calculations are changed for this project, then it would impact the other markets. Discussion followed regarding processing solids materials as opposed to liquids. Leonard mentioned that the capacity is the amount of solids being processed, not the gallonage from a business. Another concern Kevin had is that the Town of Minden uses MGSD's EDU count for the water fees. Michael Henningsen felt that the Code should be looked at, and that it should be fair for both MGSD and a business owner. Frank stated that there is a total of 81 drains in the market, which equates to 48.85 EDU's. Kevin put forth the option to use the existing water meter to determine usage. Leonard felt that if the owner installs water meters, the January and February readings should be used to establish usage. Discussion followed regarding how to handle differences in usage. Motion by O.P. Brown, Jr. to approve the plans for K & S Properties Market at Minden Village, located at 1681 Lucerne, Building I and to sell 48.85 units of capacity for the Market at Minden Village. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by Michael Henningsen. 3 Ayes. 1 Oppose: Leonard Anker. No Abstentions. Leonard felt that the motion doesn't allow K & S Properties a means of recovering their costs if it is determined that the fees are excessive. Frank presented the option of charging K & S Properties for 1 shift, which would help with the EDU calculations. Leonard requested that the Board discuss a change to the MGSD Code at their October 2005 meeting. Leonard suggested that K & S be charged for 1 shift and then adjust the figure when the actual capacity is determined. Michael expressed concern about making a quick decision, and would prefer some time to think it through. Motion by O.P. Brown, Jr. to amend the prior motion to approve the plans for K & S Properties Market at Minden Village located at 1681 Lucerne, Building I and to sell the number of units at the current rate for the drains shown on the plans submitted to reflect 1 shift or 9 hours of operation for the Market at Minden Village located at 1691 Lucerne, Building I. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by Michael Henningsen. Motion carried unanimously.

District Manager's Report -- Regarding the Administration Building construction, Frank related that it was determined that the wasteline from the lab has deteriorated, so it is not a viable option to use that line to tie the new line into. To save on paving costs, the option of tying into the line in the front lawn is being looked at. Discussion followed regarding further problems with the line construction across Highway 395. Frank stated that after consulting Bruce Scott, he asked Canyon Creek Construction to cease and desist again due to the fact that they have started digging without a set of plans. Canyon Creek had uncovered the manhole they will be tying into, and there was excessive deterioration in the manhole from hydrogen sulfide gasses, and that he'll get a cost on having them replace the barrel sections and to vent the manhole. Leonard asked about the status of the other construction projects. Frank related that the chlorine contact basin is poured except for one inside wall, the majority is backfilled, and that the Solids Contact Basin was poured earlier in the week. Frank also report that one of digesters overflowed and some

Minutes

Minden-Gardnerville Sanitation District

September 22, 2005

PAGE 3

sludge got into the hole for the solids contact basin. It has been cleaned up, and NDEP had no issues since it was kept on the premises. The Board felt that NSCI has been doing a good job. Jerome asked about the status of the ditch. Frank related that the trenching has been done and the liner will be here sometime in October 2005.

Meeting adjourned at 1:45 p.m.

Approved 10-4-05
Date

By Jerome Etcheberry



P.O. BOX 568
MINDEN, NEVADA

Minutes of regular meeting, Tuesday, October 4, 2005, 7:00 P.M., Board Room, Minden-Gardnerville Sanitation District, 1790 Hwy. 395, Minden, Nevada.

Board Members Present:

Jerome Etchegoyhen, Ronald Wilcks, O.P. Brown, Jr., Michael Henningsen, and Leonard Anker

Staff Members Present:

Frank Johnson, Bill Peterson, Bruce Scott, Bonnie Fetic, and April Burchett

Others Present:

Robbie Oxoby, Rob Williams, John Dion, A. Mahinon, Tyler Thew, Mark Gonzales

Claims Review and Approval:

The claims were reviewed by the Board and questions were answered by Frank Johnson, Robbie Oxoby, Bruce Scott, Bonnie Fetic, and Rob Williams. Motion by Leonard Anker to approve the claims for September, 2005 in the amount of \$532,253.38 and to approve the claims paid during the month of September, 2005 in the amount of \$1,931.32. Seconded by Ronald Wilcks. Motion carried.

Minutes of September 6, 2005 and September 22, 2005: The minutes of September 6, 2005 and September 22, 2005 were reviewed by the Board. Motion by O.P. Brown, Jr. to accept the minutes of September 6, 2005 and September 22, 2005. Seconded by Michael Henningsen. Motion carried.

Robbie Oxoby -- Status of Administration Building Project-- Represented by Robbie Oxoby. Robbie reported that construction of the administration building is approximately a week behind schedule. The footing is in, and the stem wall is being worked on. Discussion followed regarding the upcoming construction items. Robbie pointed out that there might be a delay in the

delivery of the steel trusses. Jerome Etchegoyhen asked about the scheduling of the roof. Robbie stated that roof construction is scheduled around the middle or end of November 2005. Discussion followed regarding the contractors priority to get the project enclosed before the cold weather sets in. Robbie also mentioned the first Construction Change Directive (CCD), which amounted to approximately \$1300 for the mason to cut the lintels to size. There was a misunderstanding about whether premanufactured lintels were available, and they were not. Robbie discussed the CCD with Frank Johnson, and Frank and Robbie both felt the CCD was justified. Frank reported that the existing line under the lab was scoped and it was determined that it had deteriorated too much for the new line to tie into it. Robbie stated that the line will go through the parking lot as shown on the plans. Discussion followed regarding the 4" water line that will be replaced. Bill Peterson approved the contract from Oxoby Engineering for the contract administration services, and the contract was executed by the Chairman.

HDR Engineering -- Rate Study -- represented by Rob Williams. Rob reported that he met with Frank Johnson and Bonnie Fetic during September 2005 to discuss the distribution of the connection and capacity fees. He presented an updated rate study with recommendations for the Board. The report also included MGSD Board minutes from the July 7, 1992, December 7, 1993, May 18, 1995, and October 7, 1997 meetings, in which decisions were made regarding the allocation of the connection/capacity fees. Rob discussed discrepancies in the prior decisions and presented recommendations in the rate study dated October 4, 2005 which includes clarification of the cost allocation to eliminate the discrepancies, as well as an increase of the capacity fee. Discussion followed regarding the 6 recommendations presented in the October 4, 2005 study which were: 1) The capacity fee be increased to \$3000 per EDU. The interceptor fund fee of \$650 per EDU, and the odor control fee of \$150 per EDU must be added to the Capacity Fee, equaling \$3,800.00 per EDU; 2) The March 2, 2004 Code be updated to show the individual fees for plant capacity, interceptor fund, and odor control; 3) The definitions in the March 2, 2004 Code should be expanded to include "capacity fee", "connection fee", and "drain"; 4) The District Counsel and/or Engineer should be directed to update the March 2, 2004 Code to expand the list of definitions and eliminate any conflicts in the code relating to the capacity charges; 5) The distribution of funds specified in the Board Meeting Minutes of June 6, 1995 should be voided to eliminate conflicts in the MGSD Code; and 6) The Board should notice a Public Hearing to increase the Capacity Fee as recommended in Item 1. Rob cautioned that this rate study is based on 20,000 connections and that if the service area is expanded, then connections will increase, and, therefore, costs will also increase. Bruce Scott suggested the Board consider adding an additional fee for line rehabilitation. Leonard Anker felt it would be appropriate to have a capacity fee increase take effect on January 1, 2006. Discussion followed regarding requirements of a Business Impact Statement as well as the timing of public noticing and hearings. Michael Henningsen expressed concern that the Board hasn't spent enough time discussing an actual amount. The Board directed Rob Williams to research the rehabilitation costs, and meet with the Board again for a Special Meeting on Tuesday, October 18, 2005 at noon to discuss an increase to the capacity fee. The Board expressed appreciation to Rob for his efforts and for the clarity of the rate study.

Virginia Ranch Estates - Annexation Application-- Represented by Tyler Thew of R.O. Anderson Engineering, Inc. Frank Johnson stated an annexation application, preliminary title report, vicinity map, fees, and authority to represent were received by MGSD for annexation of 225.98 acres by Sierra Nevada SW Enterprises for the Virginia Ranch Estates development located on Toler Lane, adjacent to the Stodick Estates South subdivision and the Carson Valley Industrial Park. Tyler discussed the proposed development, which is anticipated to need a total of 1115 EDU's. The development will consist of single-family, multi-family, commercial, industrial, and school facilities in 6 phases. Bruce Scott presented a review letter from Resource Concepts, Inc. dated September 27, 2005 recommending approval by the Board to hear the project for annexation subject to 3 conditions contained in the letter. Discussion followed regarding the conceptual sewer design, which would connect to the Chichester Interceptor. Tyler related that this property was annexed to the Gardnerville Town Water Company in March 2005. Motion by Leonard Anker to accept the application for Sierra Nevada SW Enterprises for the annexation of 225.98 acres located on Toler Lane adjacent to the Stodick Estates South Subdivision and the Carson Valley Industrial Park. MGSD Staff is directed to legally notice the property for public hearing for the November 1, 2005 meeting. Seconded by Michael Henningsen. Motion carried.

Gardnerville Town Water Co. - Discussion Regarding Growth within the Town of Gardnerville - Represented by Mark Gonzales. Mark related that he was directed by the Gardnerville Town Water Company (GTWC) Board to attend the MGSD Board meeting to express cooperation between the two Boards. There is currently a good working relationship between MGSD and GTWC staff, and the GTWC Board would like to see continuation of this cooperation, particularly in light of the fast-occurring growth. He also expressed a desire to have joint meetings between the two Boards from time to time. The MGSD Board directed Frank Johnson to reciprocate with a visit to the GTWC Board. Discussion followed regarding how the Gardnerville Town Water Company calculates connection fees. The MGSD Board expressed appreciation for Mark's attendance.

Attorney-Client Conference - Ordinance Change -- The Board discussed a change to the capacity fee with attorney Bill Peterson. Bill related that a change to the capacity fee would require a change to the MGSD Code, which would necessitate a Business Impact Statement. Frank presented a comparison summary of how various entities in the area calculate capacity and connection fees. Frank discussed recommendations for condensate drains, triple sinks, and shift charges (see attached District Manager's report). Bill discussed how the ordinance was applied in the past. Motion by Leonard Anker to change the MGSD Code to rate condensate drains at 0.05 per drain and charge all triple sinks as 2 units. Bill advised the Board that the motion would change the rates as designated in the MGSD Code, so it would need to be noticed for public hearing. The motion died for lack of a second. Bill suggested it would be appropriate to discuss this at the October 18, 2005 Special Board Meeting. The Board concurred. Frank questioned how to insure that the Market at Minden Village stays at 9 hours of operation. Board directed

Frank to send a letter to Kevin Coleman to reiterate that the capacity/connection fees are based on 9 hours of operation.

Coldstone Creamery -- Capacity Discussion -- Represented by John Dion. Frank Johnson presented a letter from John Dion received at MGSD on September 19, 2005, regarding the capacity fees. Frank related that initially 4.8 EDU's were allocated for the Coldstone Creamery. John Dion stated he had a concern regarding how the condensate drains are calculated. Discussion followed regarding supermarket condensate drains as opposed to restaurant condensate drains. Discussion also followed regarding triple sinks. The Board expressed concern about making exceptions for specific businesses. Bill Peterson suggested that the Board could interpret the definition of condensate drain in a generic manner, and the condensate drain in the Coldstone Creamery could be applied as a supermarket condensate drain. The Board took no action on the matter.

GRGID -- Capacity Request -- Frank related that a letter dated September 7, 2005 was received from GRGID requesting 20.0 EDU's along with a check for the capacity and connection fees. Motion by O.P. Brown, Jr. to sell 20.0 units of capacity to the Gardnerville Ranchos General Improvement District under the terms of the Supplement to the 1974 Agreement between GRGID and MGSD and are to be used within the Gardnerville Ranchos General Improvement District Boundary. Seconded by Ronald Wilcks. Motion carried.

Engineer's Report: Bruce Scott related that he sent a letter to R.O. Anderson Engineering, Inc. regarding the proposed 24" stub in front of the MGSD Plant. Tyler Thew has agreed to redesign the plans to include the 24" stub, and MGSD will pay the difference in the cost. Bruce reported that significant deterioration has occurred in the manhole they are tying into. Frank Johnson related that he has not yet obtained a cost estimate for the repair of that manhole.

Bruce related that the rehabilitation bid will be on the agenda for the November 1, 2005 regular Board meeting. Discussion followed regarding the lines most in need of rehabilitation work. Bruce presented plans of the lines in need of rehabilitation work, and stated that this is only what Resource Concepts has identified so far. He anticipates additional lines will be identified in the future as TV inspections continue.

Jerome asked about the ongoing construction on the east side of Highway 395, across from the MGSD Plant. Bruce reported that dewatering is occurring as a precursor to the installation of the waterline.

Bruce reported that Gardnerville Town Water Company annexed the entire parcel for Stodick Estates North, whereas MGSD did not annex the area containing 5 acre parcels. He suggested that this may have precipitated the request for cooperation from Gardnerville Town Water Company.

District Manager's Report (see attached report): Frank related that the items in his October 2005 report have been discussed previously in the meeting or will be discussed at the October 18, 2005 special meeting. With respect to the commercial inspections, Frank reported that MGSD has sent letters to the owners, including the Carson Valley Industrial Park and Southgate Service Park, but they are having problems gaining access to the businesses for inspections. Frank related that it will be extensive to complete the inspections.

Leonard Anker asked about the status of the construction at the back of the plant. Frank related that the chlorine contact basin has been tied in. Frank reported that rebar is being placed on the solids contact project and felt that Northern Sierra Construction was being careful.

Meeting adjourned at 9:45 p.m.

Approved

11/1/05
date

By

Jerome Etchegoyhen



Minden Gardnerville
Sanitation District

**Minden Gardnerville Sanitation District
District Managers Report
October 2005**

1. As discussed at the special meeting of September 22, 2005, the EDU count for the Minden Market project was reduced to 18.25 units for the purpose of obtaining the permits for the project. It was explained to Kevin Coleman that the EDU count may be subject to change. (See attached letter).

After contacting several other Districts, it appears that no two entities calculate capacity/connection fees in the same manner. To simplify matters and alleviate some confusion it may be prudent to modify the MGSD Code in the following manner.

- Eliminate the additional shift charges for stores, offices, general private and public businesses.
 - Charge all triple sinks as two compartment sinks and eliminate the charge for the third compartment and the floor drain into which it drains, providing the floor drain is used solely for the purpose of draining said sink.
 - Charge all condensate drains, including restaurant condensate drains, the same rate as supermarket condensate drains.
2. Both on-site construction projects are proceeding with no apparent major concerns at this time. While not yet in service, the new chlorine contact basin has been tied into the old basin. The solids contact basin is shaping up with the rebar being installed and the first concrete pour tentatively scheduled for the week of October 3rd.
With the footings already having been poured the stem walls for the administration building should be in place by the week of October 3rd as well. It has not yet been determined if we can in fact run the waste line through the lawn area as discussed at the last meeting, as opposed to running through the parking area.
 3. Due to a recent 10% increase in prices in addition to another projected 6% to 10% increase our costs for polymer has risen. In light of the increases, I opted to order a years supply of polymer in advance of both increases, thus the large bill for Zalreich Chemical Co. By doing so we saved approximately \$3000⁰⁰ on polymer costs for the year.

Frank Johnson
District Manager



Minden Gardnerville
Sanitation District

**Minden Gardnerville Sanitation District
District Managers Report
October 2005**

1. As discussed at the special meeting of September 22, 2005, the EDU count for the Minden Market project was reduced to 18.25 units for the purpose of obtaining the permits for the project. It was explained to Kevin Coleman that the EDU count may be subject to change. (See attached letter).

After contacting several other Districts, it appears that no two entities calculate capacity/connection fees in the same manner. To simplify matters and alleviate some confusion it may be prudent to modify the MGSD Code in the following manner.

- Eliminate the additional shift charges for stores, offices, general private and public businesses.
 - Charge all triple sinks as two compartment sinks and eliminate the charge for the third compartment and the floor drain into which it drains, providing the floor drain is used solely for the purpose of draining said sink.
 - Charge all condensate drains, including restaurant condensate drains, the same rate as supermarket condensate drains.
2. Both on-site construction projects are proceeding with no apparent major concerns at this time. While not yet in service, the new chlorine contact basin has been tied into the old basin. The solids contact basin is shaping up with the rebar being installed and the first concrete pour tentatively scheduled for the week of October 3rd.
With the footings already having been poured the stem walls for the administration building should be in place by the week of October 3rd as well. It has not yet been determined if we can in fact run the waste line through the lawn area as discussed at the last meeting, as opposed to running through the parking area.
 3. Due to a recent 10% increase in prices in addition to another projected 6% to 10% increase our costs for polymer has risen. In light of the increases, I opted to order a years supply of polymer in advance of both increases, thus the large bill for Zalreich Chemical Co. By doing so we saved approximately \$3000⁰⁰ on polymer costs for the year.

Frank Johnson
District Manager



September 23, 2005

Mr. Kevin Coleman
Net Development Co.
3130 Airway Avenue
Costa Mesa, CA 92626

Re: Minden Village Bldg. I

Dear Mr. Coleman,

In regards to the above referenced project, the EDU requirements have been adjusted to 18.25.

- Capacity fee $(18.25)(\$3500^{00}) = \$63,875^{00}$
- Connection fee $(18.25)(\$ 300^{00}) = \$ 5475^{00}$
- Existing credit 1 EDU $- \$(-3800^{00})$
- Total due: $\$65,550^{00}$

Please be advised that this adjustment of the rates is to help facilitate the permit process for the project and may be subject to change.

If in the future any changes of use or modifications are made within the said building, a reassessment of the building will be necessary to determine the possible need for any additional capacity requirements.

Please do not hesitate to call with any questions you may have concerning the above information.

Sincerely,

Frank T. Johnson
District Manager



P.O. BOX 568
MINDEN, NEVADA

Minutes of Special Meeting, Tuesday, October 18, 2005, 12:00 P.M., Board Room, Minden-Gardnerville Sanitation District, 1790 Hwy. 395, Minden, Nevada.

Board Members Present:

Jerome Etchegoyhen, Ronald Wilcks, O.P. Brown, Jr., Michael Henningsen, and Leonard Anker

Staff Members Present:

Frank Johnson, Bill Peterson, Bruce Scott, Bonnie Fettic, and April Burchett

Others Present:

Rob Williams

HDR Engineering -- Rate Study -- Represented by Rob Williams. Rob felt that two issues have been presented at prior Board meetings with respect to a capacity rate increase: the capacity fee and costs for equipment replacement. Rob stated that equipment replacement costs generally are funded by the monthly user fee as opposed to the capacity and connection fee. Discussion followed regarding analysis of the monthly rate and whether the rate is sufficient to cover MGSD's operating costs at build out, which is approximately 20,000 EDU's, or 5 MGD, for the current service area. Rob presented a list of major plant equipment and discussed the present worth value of the equipment. He suggested the Board consider setting aside money now to earn interest that can be used to fund the replacement of major operating equipment in the future. Bruce Scott pointed out that until now new equipment and equipment upgrades were designated as capital improvement projects and capacity/connection fees were used for funding, but the replacement of existing equipment will need to come from a different source. Discussion followed regarding setting up a fund for equipment replacement as well as current fund designations for odor control and interceptors. Bruce questioned the interceptor fee since every new development within the current service area can be served from an existing interceptor. Discussion followed regarding setting up a flat fee for capacity that would not specifically designate amounts for odor control, interceptors, or rehabilitation. The Board felt the capacity

fee should be increased and the Code be adjusted to eliminate the specific funds. Discussion followed regarding the amount of EDU's charged per drain in the MGSD Code. Frank Johnson presented a comparison sheet of fixture counts and capacity/connection fees charged by Douglas County Sewer Improvement District and Gardnerville Town Water Company. The Board directed Bruce Scott and Frank Johnson to examine the usage of the various drain types and businesses, and present preliminary recommendations for changes to the MGSD Code at the December 6, 2005 regular meeting. Motion by Leonard Anker to notice for public hearing for the December 6, 2005 Meeting an increase in the capacity fee from \$3500.00 to \$3800.00 for new development, an increase in the capacity fee for property annexed prior to 1978 from \$2850.00 to \$3150.00, to direct the MGSD attorney to adjust the MGSD Code to eliminate the odor control and interceptor fund designations, and to direct the District Manager to complete a Business Impact Statement for the fee increases. Seconded by O.P. Brown, Jr. Motion carried.

Attorney-Client Conference -- Ordinance Changes -- The Board directed attorney Bill Peterson to revise the MGSD Code to expand the list of definitions and eliminate any conflicts in the MGSD Code relating to the Capacity Charges.

District Manager's Report -- Frank Johnson related that Craig Olson from HDR Engineering was available onsite to conduct a tour of the ongoing construction projects following the meeting. Frank discussed the status of the bore on the highway to serve the Monte Vista project and the various problems that have occurred with that construction. Frank expressed concern that the NDOT Encroachment Permit is under MGSD's name, and therefore MGSD is responsible for any negligence. Bruce Scott related that an RCI inspector will be inspecting the project to insure safety practices.

Leonard Anker discussed Carson City's proposed expenditure on the denitrification of effluent. Discussion followed regarding Carson City's need for denitrification as opposed to the effluent irrigation practices used by MGSD, Bently, Park, and Byington. The Board directed Frank Johnson to contact Carson City Engineer Larry Werner to request his attendance at the November 1, 2005 regular Board Meeting to discuss denitrification.

Meeting adjourned at 1:45 p.m., followed by a tour of the ongoing construction projects at the MGSD Plant.

Approved 11/1/05
Date

By Jerome Etcheberry



P.O. BOX 568
MINDEN, NEVADA

Minutes of regular meeting, Tuesday, November 1, 2005, 7:00 P.M., Board Room, Minden-Gardnerville Sanitation District, 1790 Hwy. 395, Minden, Nevada.

Board Members Present:

Jerome Etchegoyhen, Ronald Wilcks, O.P. Brown, Jr., Michael Henningsen, and Leonard Anker

Staff Members Present:

Frank Johnson, Bruce Scott, Bonnie Fetic, and April Burchett

Others Present:

Robbie Oxoby, Craig Olson, Larry Werner, Kent Neddenriep, Randy Harris

Claims Review and Approval:

The claims were reviewed by the Board and questions were answered by Frank Johnson, Robbie Oxoby, Bruce Scott, and Craig Olson. Discussion followed regarding an increase in fees by Pezonella Associates, Inc., due to fuel costs. The Board directed Robbie Oxoby to contact Pezonella Associates to determine any impact on Pezonella's contract for the Administration Building project. Motion by Leonard Anker to approve the claims for October, 2005 in the amount of \$454,778.58 and to approve the claims paid during the month of October, 2005 in the amount of \$5,711.13. Seconded by Ronald Wilcks. Motion carried.

Minutes of October 4, 2005 and October 18, 2005: The minutes of October 4, 2005 and October 18, 2005 were reviewed by the Board. Motion by O.P. Brown, Jr. to accept the minutes of October 4, 2005 and October 18, 2005. Seconded by Michael Henningsen. Motion carried.

Larry Werner, City of Carson City -- Discussion regarding Carson City's Plans for Denitrification -- Represented by Larry Werner, Carson City Engineer. Larry explained that Carson City installed a new solids handling system, resulting in an increase in nitrate levels. The

State requested the City to design a facility that will take care of full nitrate removal. Discussion followed regarding the use of aerated ponds, rapid infiltration basins, as well as phosphorus testing and loading in the Carson River. Larry explained the process that triggered the State's request, and the Board expressed concern that MGSD would be facing the same problem in the future. Bruce Scott talked about the differences in effluent irrigation practices between Carson City and MGSD. Bruce also reported that MGSD has one well that has tested high in nitrates and that MGSD may need to address the issue in the future. The Board expressed appreciation to Larry for taking the time to meet with the Board.

Robbie Oxoby -- Status of Administration Building Project-- Represented by Robbie Oxoby. Robbie Oxoby reported that the Administration Building project is approximately 4 weeks behind schedule according to the contractor's original schedule. The underground utilities, electrical and ductwork have been completed, with the slab scheduled to be poured by November 4th. Robbie explained that the slab must cure for 7 days before masonry work can proceed. Discussion followed regarding a delay in the delivery of the steel. Robbie stated he is comfortable with the way the project is progressing. Weather protection will be utilized to protect the slab and masonry work if winter weather sets in. Robbie reported that there were no change orders for October.

HDR Engineering -- Update of Construction Projects -- represented by Craig Olson. Craig Olson presented a chart of Project Costs for the Solids Contact Aeration Improvement Project. Craig reported on the status of the project and the scheduled completion date of July, 2006. Discussion followed regarding the impact of cold weather on the concrete. Craig said he is satisfied with the progress of the construction. Craig also pointed out that the costs are currently under budget.

Sierra Nevada SW Enterprises -- Virginia Ranch Estates - Public Hearing for Annexation -- Represented by Kent Neddenriep of R.O. Anderson Engineering, Inc. Frank reported that the legal noticing has been completed and the public hearing for annexation may proceed. Bruce Scott presented a letter from Resource Concepts, Inc. dated September 27, 2005, recommending annexation of the project with conditions. Discussion followed regarding the process of annexation to the Town of Gardnerville, Gardnerville Water Company, and MGSD. The Board directed Bruce Scott to contact the Town of Gardnerville to request letters regarding annexation hearings as they come up. Motion by Leonard Anker to accept the annexation of Sierra Nevada SW Enterprises for Virginia Ranch Estates (APN's 1220-03-000-022, 034 and 036) consisting of 225.98 acres, subject to Resource Concepts, Inc.'s letter dated September 27, 2005. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by Ronald Wilcks. The Chairman called for public commentary. There was none. Motion carried.

Cottages, LLC -- The Cottages at Minden -- Plan Review and Capacity Request -- represented by Kent Neddenriep of R.O. Anderson Engineering, Inc. Frank Johnson reported that Cottages, LLC are requesting capacity for 30 EDU's. Bruce Scott presented a letter from Resource Concepts, Inc. dated October 25, 2005, recommending approval of the project with conditions.

Kent described the project and stated he had no concerns with the conditions. Discussion followed regarding Condition 3 of Resource Concepts letter regarding connection to the existing 21" sewer main. The Board felt that MGSD should approve the contractor, verify that he has the proper equipment, and that the contractor post a bond. Motion by Leonard Anker to approve Cottages, LLC-The Cottages at Minden project (APN 1320-30-411-005, 3.71 acres) subject to Resource Concepts, Inc's letter dated October 25, 2005 and to sell 30 units of capacity. Plans to bypass the sewage flows must be approved by the District prior to beginning of construction, the contractor and his equipment must be approved by the District prior to the beginning of construction to show his capability to complete the project, and the contractor must provide a \$25,000 refundable cash bond to be used solely by the District to make certain sewage flows are not interrupted, refundable upon satisfaction of construction. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by O.P. Brown, Jr. Motion carried.

H & S Construction - Stodick Estates South -- Capacity Request -- represented by Kent Neddenriep and Randy Harris. Kent Neddenriep reported that H & S Construction is requesting 29 units of capacity for Phase 3 of Stodick Estates South and that the Board accept a bond for approval of the final map. Motion by Ronald Wilcks to sell 29 units of capacity for Stodick Estates South Phase 3, to accept a 150% bond for sewer improvements subject to bond approval by the District Engineer and further subject to approval of Phase 3 improvement plans, and to authorize the Board Chairman to sign the Final Map after completion of the bond and payment of all fees. The rules, regulations and requirements of MGSD are to be met and all fees paid. Seconded by O.P. Brown, Jr. Motion carried.

MGSD 2005 Sanitary Sewer Rehabilitation Project -- Award Contract Bid -- Bruce Scott presented a bid summary for the 2005 Sanitary Sewer Rehabilitation Project. V & C Construction placed a bid for \$181,849.00, which was the only bid for the project. Bruce discussed the discrepancies between the engineer's estimate and the bid by V & C Construction, who is proposing to use Hydrotech as a subcontractor. Bruce expressed concern about Hydrotech's figures. Due to the need for the rehabilitation work, Bruce felt it would not be prudent to reject the bid, and he requested the Board's approval to negotiate with the bidder. Bruce discussed the possibility of modifying the scope of work if Hydrotech will not come down on their amounts. Motion by O.P. Brown, Jr. to not accept the bid by V & C Construction in the amount of \$181,849.00 and to authorize the District Engineer to negotiate with V & C Construction to reduce the bid to an amount not to exceed \$140,000.00. Seconded by Ronald Wilcks. Motion carried.

District Manager's Report (see attached report): Frank Johnson presented the District Manager's report dated November 2005, to summarize activities during the month of October 2005. Frank reported on the status of the Monte Vista sewer tie-in project. The sewer lateral to the administration building was damaged during construction, and he met with the project engineer and the contractor to address the ongoing concerns. Discussion followed regarding NDOT inspections of the project due to MGSD's concerns that traffic control does not meet the terms of

the NDOT permit, as well as NDOT's lack of response to MGSD's requests for a letter stating that the State has no concerns with the traffic control as currently provided. Frank reported that when Canyon Creek Construction gets closer to the main line coming into the plant, the emergency standby pump will be ready in case the main line is hit. Bruce Scott stated that the contractor would be working with a dry stub, and that the main line should not be impacted, but that Frank's cautious approach to the situation is prudent based on the project history. Bruce also reported that safety practices have increased since the inspections and meeting.

Frank reported that he attended the October meeting of the Gardnerville Town Water Company, as requested by the MGSD Board. The Water Company Board expressed a desire for continuing cooperation between the Water Company and MGSD.

Frank discussed the status of the Bently reservoir dewatering project. Bently anticipates having the pond back online during November. Bently is currently 119 million gallons over his allotment. Discussion followed regarding effluent use by Park and Byington.

Frank reported that asphalt and debris were found in the sewer main in Minden Village after MGSD's inspection. Bruce Scott suggested that MGSD require a second ball and flush after paving, then have a TV inspection done if debris is found. Bruce also suggested that TVing of new lines during the warranty period be included in the annual TV contract. Discussion followed regarding the timing of ball and flush and mandrel testing. Bruce also discussed charging the contractor for the work MGSD performs to clean the lines. The Board directed Frank Johnson and Bruce Scott to look at possible amounts to charge developers for the vacor truck use to clean the lines as well as to discuss options to resolve the problem.

Discussion followed regarding the status of the effluent ditch project. Frank presented a sample of the liner used in the ditch. Frank reported that the liner has been installed and the ditch will be filled by November 4th. During the duration of the project the effluent is being conveyed through the Rosser Ditch via the Klauber Pond to be used by Park and Byington for irrigation.

Meeting adjourned at 9:30 p.m.

Approved 12-6-05
Date

By Jerome Etcheqayhe



**Minden Gardnerville
Sanitation District**

**Minden Gardnerville Sanitation District
District Manager's Report
November 2005**

1. 395 Boring Project: During excavation of the project on MGSD premises Canyon Creek Construction damaged the sewer lateral for the Administration building. The line had been previously located and the presence of the line was known to them beforehand. The line has been repaired and is still subject to MGSD approval prior to the completion of the project.
2. At the Special Meeting of October 18th, the Board saw first hand some of the issues we have been having with Canyon Creek on the boring and excavation for the 12" sewer line tie-in. A meeting was held with Todd Connelly of RCI, Sam Nevis of Canyon Creek Construction, Tyler Thew of R.O. Anderson Engineering and myself. Among the topics discussed was the issue of safety at the roadway. A representative of NDOT was called to inspect the site for compliance of the encroachment permit. Upon his assessment of the area, he allowed them to eliminate signage and install traffic barriers, which are an apparent deviation from the permit which is in MGSD's name. When I requested a letter of explanation, I was denied. I then subsequently wrote letters explaining our concerns. (See attached letters). Hopefully, I will soon receive documentation as requested.
3. At the Board's request, I attended the Gardnerville Town Water Board meeting of October 11th. While the relationship between the two entities has been favorable, they desire to ensure that, particularly in light of the growth of the districts, the cooperation between the two can continue.
4. Bently is currently dewatering their reservoir to have the liner inspected. It is anticipated that the inspection of their liner will be completed within the next two weeks. If any unforeseen delays arise it may be necessary for us to pump for a few days into December, which will take us into the higher pumping rate. We still anticipate having to pump during the winter rate period in mid January. (See attached discharge log).
5. A recent backup of a manhole was traced to debris which was found in several manholes within the Minden Village project. It appears that asphalt and other debris were placed in the lines during paving and finalizing of the project. As the paving and raising of the manholes are

typically completed after our testing of the lines, we are increasingly finding this type of debris within the lines after the projects have been completed. It may be prudent to address the possibility of having the contractors clean and televise each line before acceptance of the lines.

6. We are presently discharging the plant effluent through the Martin Slough and cleaning the effluent discharge ditch, as the contractor is due on site October 27th to line the ditch. It is anticipated that the lining of the ditch will be completed within 3-4 days. We have experienced full cooperation with NDEP, Park and Byington, and expect to discharge, without any unforeseen issues, approximately 15-18 million gallons of effluent through the slough during the duration of the project.
7. The solids contact and administration building projects are proceeding as necessary with the slab for the administration building expected to be poured possibly as early as November 1st. Both projects are scheduled to be discussed at the meeting.

Frank Johnson
District Manager



October 20, 2005

Ken Brown, Permit Inspector
State of Nevada
Department of Transportation
310 Galletti Way
Sparks, NV 89431

VIA CERTIFIED MAIL

RE: Permit # 84877

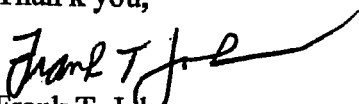
Dear Mr. Brown,

On October 19, 2005, you visited the job site for the above-referenced permit and noted that contrary to requirements of the encroachment permit, no barricades had been installed along the west side of the highway. You instructed the contractor to place barriers around the excavation area, but allowed him to place water filled barricades that do not conform to the requirements of the encroachment permit.

In addition, at the present time the contractor has not installed the warnings and signage required by the permit on and adjacent to Ironwood Drive.

We request that any deviations from the permit be clarified in writing to MGSD. If there is anything inaccurate about the above, please contact me immediately.

Thank you,


Frank T. Johnson
District Manager



COPY

Monte Vista Sewer Tile In
10/24/05

October 24, 2005

Ken Brown, Permit Inspector
State of Nevada
Department of Transportation
310 Galletti Way
Sparks, NV 89431

VIA CERTIFIED MAIL

RE: Permit # 84877 & Letter of October 20th, 2005

Dear Mr. Brown,

On October 20th, 2005, I requested written verification of your approval of the safety practices at the site as they pertain to NDOT. On Friday October 21, 2005 you returned to the site and took photographs of the area in question. You then stated that I would not receive a letter as requested as it was in your diary for reference. The statement that you made that "it is not Kenney Guinn's concern" is not comforting with respect to our concern with the public's safety. I'm sure that Mr. Guinn would have the same concern as MGSD that proper steps should be taken to protect the safety of the public.

While as you stated, the excavation may not be within the NDOT right-of-way, we believe that a 20 foot deep hole which is approximately 10 feet from the edge of pavement on Highway 395 may reasonably be considered a hazard that should be properly addressed. While we are not experts in addressing the safety of the public on the roadways, we can detect that the information within the permit is considerably different than we see at the site.

Once again, I am simply requesting written documentation that NDOT is satisfied with the situation at the site.

Sincerely,

Frank Johnson
District Manager

cc: Thor Dyson
Anita Lyday
Denise Inda

**MGSD Pond Discharge
2005**

	MGSD Pond Discharge		Parks		Byington	
	MG	AC/FT	MG	AC/FT	MG	AC/FT
January	54.157	166.21		0.00		0.00
February	80.636	247.47		0.00		0.00
March				0.00		0.00
April	95.926	294.40		0.00		0.00
May	61.696	189.35		0.00		0.00
June				0.00		0.00
July				0.00		0.00
August			73.77	226.40	28.56	87.65
September				0.00		0.00
October			37.21	114.20		0.00
November				0.00		0.00
December				0.00		0.00
Total YTD	292.415	897.42	110.98	340.60	28.56	87.65
Allotment	173	532	173	532	346	1064
Balance	-119.415	-365.42	62.02	191.40	317.44	976.35

Projected MGSD Flow-2005

$$(1.9 \text{ MG})(3.069) = 5.8311 \text{ AC/FT/Day}$$

$$(5.8311 \text{ AC/FT})(365 \text{ Days}) = 2128 \text{ AC/FT/YR}$$

$$(2128 \text{ AC/FT/YR})(3.26) = 693728 \text{ MG/YR}$$

$$693.728 \text{ MG} + 365 \text{ Days} = 1.9 \text{ MGD}$$



P.O. BOX 568
MINDEN, NEVADA

Minutes of regular meeting, Tuesday, December 6, 2005, 7:00 P.M., Board Room, Minden-Gardnerville Sanitation District, 1790 Hwy. 395, Minden, Nevada.

Board Members Present:

Jerome Etchegoyhen, Ronald Wilcks, O.P. Brown, Jr., Michael Henningsen, and Leonard Anker

Staff Members Present:

Frank Johnson, Bill Peterson, Bruce Scott, Bonnie Fetic, and April Burchett

Others Present:

Robbie Oxoby, Randy Willford, Steve Willford, Matthew Willford

Michael Henningsen introduced Randy, Steve and Matt Willford. Randy and Matt are attending the meeting to qualify for the Boy Scout citizenship badge.

Claims Review and Approval:

The claims were reviewed by the Board and questions were answered by Frank Johnson, Robbie Oxoby, and Bruce Scott. Frank reported that the ditch repair bill from Northern Sierra Construction was \$31,683.00 or about \$6300.00 less than the estimate of 37,941.00. Motion by Leonard Anker to approve the claims for November, 2005 in the amount of \$513,652.95 and to approve the claims paid during the month of November, 2005 in the amount of \$1,360.31. Seconded by O.P. Brown, Jr. Motion carried.

Minutes of November 1, 2005: The minutes of November 1, 2005 were reviewed by the Board. Motion by O.P. Brown, Jr. to accept the minutes of November 1, 2005. Seconded by Ronald Wilcks. Motion carried.

Robbie Oxoby -- Status of Administration Building Project -- Represented by Robbie Oxoby. Robbie reported that the administration building project is about 9 weeks behind schedule. The masonry was begun, but due to a manufacturer's error, the brick installed is defective. Instead of being 3-1/2" tall, the brick installed was 3-3/4" to 3-7/8" tall. The supplier and manufacturer are paying the mason to tear down the masonry work, and the walls will be reinstalled. Discussion followed regarding the process of tearing down the walls, the schedule, and minor issues with the slab. Robbie presented a billing request from MGM Construction in the amount of \$164,360.00 (\$147,924.00 without the retention), which includes some equipment that has been delivered to the site but not yet installed, as well as \$56,000.00 for the trusses. Motion by O.P. Brown, Jr. to authorize payment to MGM Construction of \$147,924.00, plus a retention in the amount of \$16,436.00 to be paid to the retention account, for a total of \$164,360.00. This is to be the only payment authorized by the Board after the monthly billing cutoff date. Seconded by Michael Henningsen. Motion carried.

Attorney-Client Conference -- Rate Increase Study -- Frank Johnson presented a water usage table for Jack in the Box, Dairy Queen, and McDonald's, which showed calculations of the first quarter and annual averages for each restaurant over the past 2 years. Frank reported that he performed walk-through inspections on all 3 restaurants during November 2005, and he pointed out that Dairy Queen and Jack in the Box each have at least one drain where water runs continuously, but that this type of a drain isn't spelled out in the MGSD Code. McDonald's and Dairy Queen are actually using 8.3 and 7.5 EDU's, respectively, showing that the EDU per gallon calculation is pretty close to the actual usage. Frank discussed 3 proposed changes to the EDU calculations in the Code: 1) that a triple sink be charged 2 EDU's if the floor drain is being used only for the sink, 2) eliminate charges for extra shift hours for all business types except restaurants, and 3) making condensate drain charges compatible for different business types. Discussion followed regarding current calculations in the MGSD Code, as well as timing of walk-through inspections. Frank reported that he didn't think it was feasible to conduct inspections for all businesses in the District at this time, and Bruce Scott suggested performing inspections or reviewing the water usage at times of remodeling and change of ownership. The Board concurred that these would be appropriate times to review usage. April Burchett reported that due to problems with publication for the capacity fee rate increase, the public hearing for the rate increase is scheduled for the January 3, 2006 regular board meeting. Discussion followed regarding noticing of the public hearing for EDU rate changes. Due to publication requirements as outlined in Nevada Revised Statutes, the public hearing cannot occur until the February 7, 2006 regular board meeting. The Board expressed concern about the public's perception of raising capacity rates at the January 2006 meeting then lowering EDU calculated rates at the February 2006 meeting. The Board concurred that EDU rate calculations should be left as is currently outlined in the MGSD Code.

District Manager's Report (see Item 9 of the attached Report): Frank Johnson reported that Sierra Pacific Power Company's (SPPCo's) non-irrigation rate has been changed this year from November 30th to October 31st. The rate structure also changed from \$0.10 KWH to \$0.12 KWH- the rate normally changes from \$0.05 KWH to \$0.10 KWH, and now will be \$0.05 KWH

Minutes

Minden-Gardnerville Sanitation District

December 6, 2005

PAGE 3

to \$0.12 KWH. The rate and timing has been effect since 1987, but the tariff was misread, and SPPCo decided to correct the oversight this year, but apparently no customers were notified of the change. Bill Peterson reported that SPPCo is aware of the situation and is determining how they will handle the problem, and will most likely absorb the cost. Customers are on notice that the rate and timing changes will be in effect in 2006.

Engineer's Report: Bruce Scott reported that progress is being made on the effluent project on the Galeppi Ranch. The Byingtons have put together an effluent management plan and have a contractor. The Board had previously approved \$5,000.00 for cost sharing for the project, and Bruce requested that the Board double that amount. Motion by O.P. Brown, Jr. to allot an amount not to exceed \$10,000.00 total for cost sharing for the Galeppi Ranch effluent management project. Seconded Leonard Anker. Motion carried.

Bruce updated the Board on the 2005 Rehabilitation project bid renegotiation with V & C Construction. The costs are down to about \$130,000.00, which includes 2 additional manhole linings not in the original bid, for a total of 3 manholes. The amount is within the \$140,000.00 budget set at the November 2005 meeting. Frank Johnson pointed out it would be less expensive to line the manholes now as opposed to doing it in the future. The Board agreed to the changes.

The Stodick Estates South Unit 3 final map is approved. Bill Peterson reported that the Letter of Credit presented by H& S Construction is acceptable, and agreed that the final map is acceptable for signature by the Board Chairman.

Discussion followed regarding additional problems with the 395 Boring Project (see Item 8 in the District Manager's Report).

District Manager's Report (see attached report): Frank Johnson reported that Southwest Gas has requested to check MGSD's sewer mains for gas line penetration in the County Road, Mackland, and Wildrose areas. Since some of the lateral locations in that area are unknown, Frank felt it would be prudent to have an MGSD employee onsite at Southwest Gas's cost to oversee Southwest Gas's activities and to locate those laterals. The Board directed Frank to work with Southwest Gas on having an MGSD employee present at the Gas company's cost.

Frank Johnson reviewed the items in the attached District Manager's Report. With respect to debris in the line, Frank felt that if MGSD instituted a charge for the Vactor truck which is more than the cost charged by private entities, then developers/contractors will be more cognizant ensuring the lines are clean prior to acceptance. Frank and Bruce Scott suggested an amount of \$400.00 for use of the Vactor truck. Discussion followed regarding the repair bill for the Vactor truck. The Board wondered how many hours were on the truck, and Frank said he would pull the logs and report back to the Board.

Frank Johnson discussed Item 2 of the District Manager's Report, and explained NDOT's concerns about traffic control during emergency shutdowns. The Board expressed concern about

liability to MGSD and safety concerns with MGSD employees in the event of accidents or mishaps arising from street and highway closures, and that it would more appropriately be coordinated through the highway patrol, sheriffs department or the fire department. Frank stated he would look into it further.

Discussion followed regarding Item 10 of the District Manager's Report. April Burchett reported that there are several parcels currently under contract of service that are contiguous to the District boundary and are eligible for annexation. Discussion followed regarding the process of an administrative annexation as outlined in the MGSD Code. Motion by Leonard Anker to direct MGSD staff to legally notice a public hearing for administrative annexation of 6 parcels in the State Route 756 and Waterloo Lane area owned by Jonathan B. & Jocelyn V. Fisher (APN 1220-04-201-006), Dudley Family Trust (APN 1220-04-201-005), Dennis & Marilyn Wills (APN 1220-04-002-002), Vowles Enterprises LLC (APN 1220-04-002-009), Carson Valley Community Food Closet (APN 1220-04-002-011), Robert Horning & Karin Allen (APN 1220-04-002-010), and the Sunset Park subdivision (APN's 1220-04-210-001 through -039) for the January 3, 2006 meeting. Seconded by Michael Henningsen. Motion carried.

Meeting adjourned at 9:05 p.m.

Approved 1-3-06
Date

By Jerome Etcheberry



**Minden Gardnerville Sanitation District
District Manager's Report
December 2005**

1. We experienced a recent backup of the sewer line on Water Street adjacent to the County jail facilities. It was discovered that inmates had been placing shredded bed sheets and clothing, in addition to other debris in the line, as was evidenced by the debris backing up our bar screens and compactors within the plant. I discussed the situation with the jail personnel and was told that unlike newer facilities, the current facilities do not have any type of equipment to eliminate this concern. They are currently in the process of working on getting new facilities. We had to call upon GRGID to assist in eliminating the backup as our Vactor truck was in the shop for repair at the time of the incident. In addition Valley Septic cleaned the line as GRGID does not have the ability to vacuum the debris.

The issue with our Vactor at the time was the main hydraulic pump which had gone out. The cost to repair the equipment was \$9780.00

2. The increasing traffic flow, particularly on Hwy 395, has been starting to impede our ability to properly shut down the roadway during times of line maintenance, as was evidenced by the presence of NDOT upon the scene during the above mentioned backup of the line. We were informed that the equipment we have is inadequate to properly and legally shut down the highway as required. MGSD safety officer Tim Sheets is coordinating with NDOT in regards to what we need. Upon determination of what we need, I will bring it before the Board for consideration.
3. The entry gate on Ironwood Drive has been replaced and appears to be working out as necessary. The design of the gate should eliminate any concerns due to windy conditions as was experienced with the previous gate system.
4. NDEP recently came out for a routine inspection and gave us favorable results. They did, however, require that we replace the rusted out signs around the reservoirs and other areas where we reuse the effluent such as the Muller Lane fields. We obtained several bids for the signs, with the costs of the signs being approximately \$480.00. In addition, they required that we start a mosquito abatement program at the reservoirs and other areas where needed. It is anticipated that we can coordinate next season

with the County mosquito abatement personnel to spray the areas as necessary.

5. The lining of the effluent ditch has been completed. Nearly 21 million gallons of effluent were diverted through the slough to facilitate the relining of the effluent ditch and repair of the gates.

In order to access the ditch for the project we had to remove some areas of fencing. I am planning on coordinating with MGM Construction and have the fence replaced at the same time they replace the fence behind the administration building project.

6. The solids contact project is progressing as necessary with the majority of the contact basin walls poured at this time. The blower building is beginning to take shape as well.
7. Some issues have arisen on the administration building project. It is expected that Robbie Oxoby will address the issues at the meeting.
8. 395 Boring Project: Again, more issues abound with the project. A 30" & 24" plug which Canyon Creek Construction had placed in the manholes broke loose and floated downstream into our system, with one plug entering one of our bar screens and lodging in between the screen and rake arm mechanism causing damage to the equipment, with the other plug being lodged in the manhole adjacent to the influent pumping station. As the plug was too big to remove through the manhole, they had to excavate and remove the top portion of the manhole to retrieve the plug. We received a quote of \$1800.00 for the parts to repair the unit. In addition we incurred the cost of several man hours, with additional man hours expected to repair the unit once the parts arrive. I will then present Canyon Creek with an invoice to cover our costs.
9. Bently received a little over 115 million gallons of effluent during the month of November. In an effort to keep pumping costs to a minimum, we pumped during the month of November to ensure the lower pumping rate, as the rates have in the past increased after November 30th. However, SPPCO moved the rate increase up to October 31st without any prior notice. I was first informed of this by Jim Usher of Bently AG. I contacted SPPCO and am at the time of this writing, still awaiting a response.

10. There are currently several parcels under contract of service within the MGSD service area that are contiguous to the District boundaries that are eligible for annexation. However, these annexations have not been authorized by the Board at this time. MGSD Code Chapter 9.160 (g) states in part: "The District, at a duly noticed meeting may in its sole discretion annex the parcel to the District without any further action of the owner or owners of the parcel." RCI is currently working on revising the boundary map and now may be a good time to complete these annexations so the mapping can include them as well. (See attached map). April and Bruce will have more information at the meeting.

Frank Johnson
District Manager

