



Board of Trustees
Minutes of Special Meeting
Friday, May 18, 2012
12:00 P.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

O.P. Brown, Jr.
Michael Henningsen
Ronald Wilcks
Mark Dudley
Raymond Wilson

Staff Members Present:

Frank Johnson
April Burchett
Brian Buffo

Others Present:

Richard Peters
Barbara Smallwood
Bob Allgeier
Beverly Giannopoulos

Board Members Absent:

None

Meeting called to order at 12:00 p.m.

Public Comment – Beverly Giannopoulos thanked the Board for their service. She stated that she would like the board to consider only a 5% user fee increase, since MGSD has a fair amount of reserves.

Public Hearing for Tentative Budget Fiscal Year 2012-2013 – Frank Johnson and Richard Peters presented the final budget for fiscal year 2012-2013. Frank pointed out two changes from the tentative budget that are shown in the final budget. The Plant Insurance package premium will increase by \$15,000 due to the additional digester and the cogeneration unit, and the estimate for the heat loop project has increased by \$40,000. The total budget increased \$55,000 to \$2,040,102.00.

Bob Allgeier noted that Bud Brown and Ron Wilcks are term-limited, and two new trustees will be serving in their place beginning next year. Bob felt that the operation of the plant is something the community can be proud of, and he thanked Bud and Ron for their service. He stated that the budget is important to the candidates because the new board will have to manage the budget for 6 months in 2013.

Discussion followed regarding the nature of the proprietary fund. Richard Peters explained that MGSD operates as a business, so all of MGSD's finances fall within the proprietary fund.

Further discussion items included the basis of the GRGID agreement, the actual flows received from GRGID, and the projected flow and cost calculation for GRGID. Frank said that he is compiling that information for presentation to the Board.



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Mr. Allgeier asked if the SCCRT revenues should go into a cash reserve fund if it is surplus revenue. Richard stated the SCCRT funds are typically added into the operating fund, and that since it is not always surplus revenue, it is not shown as surplus.

Mr. Allgeier noted that over the past 5 years, the actual cost to operate the facility has been less than the budgeted amount. Last year, MGSD operated at about 10% less than the approved budget. Discussion followed regarding the excess money going into cash reserves, the payment of capital projects with cash, the permitted capacity of MGSD as opposed to the actual constructed capacity, the status of the loan for the cogeneration unit, the costs and savings incurred by the cogeneration unit, and the impact of the approved user rate increase to the overall budget. Mike Henningsen stated that the policy of MGSD's board is to not wait for problems to occur, but to anticipate upcoming issues. Plant expansion projects are planned over the long-term to incur minimal impact to the customers. The methodology has been to keep large reserves available to fund improvements without having to go through the bonding process. Mr. Allgeier pointed out that the excess funds are not shown going into a reserve account, but into the operating budget.

Mr. Allgeier asked if the budget included new equipment. Frank stated that replacement costs are included under the Repair and Maintenance portion of the operations budget. He will be meeting with Richard Peters to set up an amount for equipment replacement under the capital budget for future budgets.

Barbara Smallwood felt that the master plan should include emergency disasters, such as earthquakes, and the funding for those costs.

Motion by Raymond Wilson to adopt the final budget for the fiscal year 2012-2013 with a tax rate of 0.1224. Seconded by Michael Henningsen. Motion carried unanimously.

District Manager's Report – Frank reported that Craig Olsen from HDR Engineering will be present at the June board meeting to discuss the master plan, and that Bill Peterson will be at the June meeting to go over the history of the GRGID agreement.

Frank stated that an unanticipated expense was incurred with the backup generator. It would not turn off, so Cashman Equipment was called and the main switch gear had to be repaired at a cost of approximately \$4500. Frank noted that this is a required expenditure, since the generator must be kept in proper working condition.

The Chairman announced the recent employment of Cliff Simpson in the OIT position. Brian Buffo stated Cliff has a mechanical background and is learning quickly.



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Secretary's Report – The Board thanked April Burchett for putting together the luncheon prior to the board meeting.

Public Comment – Ray Wilson asked about GRGID's rate structure and proposed rate increase. Discussion followed regarding MGSD's relationship with GRGID with respect to rates, and Mike Henningsen pointed out that MGSD does not control GRGID's rates. Ray would like to discuss this item with legal counsel at the June meeting.

Meeting adjourned at 1:05 p.m.

Approved _____
Date

By _____.