



Board of Trustees
Minutes of Regular Meeting
Tuesday, June 4, 2013
6:00 P.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

Robert Allgeier
Michael Henningsen
Barbara Smallwood
Raymond Wilson

Staff Members Present:

Frank Johnson
April Burchett
Sarah King
Brian Buffo
Bruce Scott

Others Present:

Alan Reed

Board Members Absent:

Mark Dudley

Meeting called to order at 6:00 p.m. by Michael Henningsen, Chairman

Public Comment – No public comment.

Claims Review and Approval – The claims were reviewed by the board. **Motion by Ray Wilson to approve the claims received for May, 2013 in the amount of \$121,133.67, and to approve the claims paid during May, 2013 in the amount of \$81,647.36.** Seconded by Barbara Smallwood. Motion carried unanimously.

Minutes of May 7, 2013 Regular Board Meeting and May 17, 2013 Special Board Meeting – The minutes of May 7, 2013 and May 17, 2013 were reviewed by the Board. Barbara asked if Maverik had granted permission for the Tractor Supply Store to utilize the existing capacity for their project and Frank stated that no letter has been received as of yet.. **Motion by Barbara Smallwood to approve the minutes of the May 7, 2013 Regular Board Meeting.** Seconded by Bob Allgeier. Motion carried unanimously. **Motion by Ray Wilson to approve the minutes of the May 17, 2013 Special Board Meeting.** Ray also stated that the minutes were thorough and the plant tour was really nice. Seconded by Bob Allgeier. Motion carried unanimously.

Douglas County Parks and Recreation – Improvement Plan Review– Bruce presented a brief overview about the Community Center on Waterloo. The building was being created with a big long lateral that would be maintained by them and it would come into the MGSD main at Waterloo. Bruce stated that he



Minutes
May 7, 2013
Page 2

had suggested another option for the design by making it a public sewer and have MGSD maintain it and the Community Center would only be responsible to maintain the laterals. It was considered but declined because the County did not want to incur the expense to construct the main.

Motion by Barbara Smallwood to approve the Improvement Plans for the Douglas County Community and Senior Center prepared by R.O. Anderson Engineering, subject to the 4 conditions in the letter from Resource Concepts, Inc. to Jeremy Hutchings dated May 29, 2013. Seconded by Bob Allgeier. Motion carried unanimously.

Warren Reed Insurance –Alan Reed presented the Plant Insurance Package for FY2013-2014. He informed the Board that there was a decrease of 2.15% in the premium for MGSD from \$78,704.16 to \$77,012.38. He stated that about 44 buildings were covered in the property schedule and that there was a \$37,500,000 in coverage which was a 7.86% increase from last year's \$34,800,000 coverage. He explained that the booklet lists all the members in the agency. It also covered the summary of the coverage of the most important items applying to MGSD. Frank reiterated that the recent claim for the reservoirs had been denied. Alan stated that unfortunately there was no way to cover dirt. This is similar to flood coverage for a personal residence. It covers the structure but not the dirt around. Frank stated that he was trying to prevent a liability issue and was informed that liability was covered but not the dirt itself. Bob had questions on earthquake coverage on a localized earthquake and was assured that MGSD would be covered after a \$5,000 deductible. Alan explained that the NV Public Agency Pool has coverage with cap limits for each item in the pool. Frank had a question about whether the pollution insurance was included in this policy. Alan stated that was separate policy. Ray wanted to know what the rate would be if MGSD got out of the pool and had insurance with another company. Alan speculated that it would be about \$250,000 dollars. Bob had a question about the Co-Gen, and asked if there was a major catastrophe when maintenance was being done by the Contractor would the insurance cover it or does the Contractor have to have their own insurance. Alan stated that in such a situation MGSD's insurance company would cover it under equipment loss with no cap and then get it from the other insurance company. He stated that Frank could require that the contractor have additional coverage and would be happy to review the plan and offer input.

Alan stated that the number of claims within the pool and severity of claims had dropped. MGSD's liability premium went down because there was slight decrease in payroll. He informed the Board that there is an endorsement pending for adding the grease receiving facility and increasing equipment in the Co-Gen facility and this endorsement has never been processed by the Insurance Company and Alan believed that it would be eventually processed but there would be no charge for it. He also stated that the District had 9 autos and two trailers.

Cyber Security Coverage is a new coverage this year and it is becoming more important. It is offered on all business policies and it is absorbed into the cost. Invasion of privacy is the biggest issue; leakage of information is starting to pop up; etc. and the Pool decided to add this to the coverage package.



Minutes
May 7, 2013
Page 3

Alan also wanted to mention something that he had spoken of in the past and this is an asset that is available to all the participants in the Pool. It is a grant system that the Pool has where they are giving out \$150,000 to \$200,000 in grant money to entities. The money is available for use in training costs etc. Anything that helps to reduce risk or prevent loss can be used to apply for the grant. Frank wondered if it would cover security cameras for the plant. Alan stated that in the past it has been used to cover security and would be worth looking into. Alan stated that the Pool is very financially stable and it is not owned by an insurance company but by the participants. He encouraged the participants to attend the annual meeting which are usually held at the Sparks Nugget. **Motion by Ray Wilson to accept the Plant Insurance Package for FY2013-2014 as presented by Warren Reed Insurance.** Seconded by Barbara Smallwood. Motion carried unanimously.

Ray had question about the health insurance and April stated that MGSD is pooled with the Nevada League of Cities. Currently the premiums have not gone up for this year. Alan stated the turning point will be January 1st 2014.

Transfer of Restricted Funds – Frank referred to the last page of his Manager’s report and asked Bob if he would like to handle this item. Bob stated that legal counsel had reviewed the current state laws regarding budgeted items and what is legally required to be done. In regard to capital expenditures the Board has to approve the transfer of funds. In this particular year there is a deficit in the capital funds as MGSD has a Power Co-Gen account that had no budgetary money applied to that. There is monies being paid out of this account and it keeps going up and Bob wondered why there is a capital expenditure two years after the fact. Frank explained that this was because of overlap; the items were in the previous budget but the billing only came in this year. Bob questioned how this happened and was told that the job ended towards the end of the fiscal year. Another was the O & M manual. Bob explained to the Board that since there was no money allocated in the budget for this expense at this particular moment there needed to be a budgetary allowance for those expenditures that have already been approved. Another was the hot water loop which was slightly more than budgeted for. Most of the overage was due to engineering cost. To avoid this happening in the future Bob asked if a projected cost level could be given to the Board. Currently the computer upgrade has been budgeted at \$10,000 but there are a few changes or modifications so Bob suggested putting enough in the budget to cover this. The operating budget on the other hand is controlled by Frank and as long as the budget is not exceeded, he can make changes to transfer and balance the accounts and no Board approval is needed to increase the funding. Bob stated that he would recommend that the budget be increased by \$40,000. Frank stated he thought \$44,000 should cover all expenses. Ray questioned whether augmentation of the budget could be done anytime and was told that it could. **Motion by Barbara Smallwood to transfer \$44,000 from the Plant Expansion Restricted Funds to the FY2012-2013 Capital Expense Budget.** Seconded by Ray Wilson. Motion carried unanimously.



Minutes
May 7, 2013
Page 4

MGSD Co-Gen Equipment Agreement with SDP Energy – Frank stated that currently MGSD has an agreement with SDP which covers preventative maintenance on the Co-Gen and it has worked out fine so far. But, now that the warranty period is up, MGSD has been hit by a lot of minor expenses of about \$7200 for items not covered under the agreement. Frank suggested that since the warranty is up it would be beneficial to enter into a fix fee agreement that would cover any additional major expenditure that may occur. The additional coverage would increase the yearly maintenance contract costs by \$9600 but would offset any costs should the co-gen incur a major breakdown. He informed the Board that MGSD's legal counsel had reviewed and modified the contract and it was ready to be signed. Bob was of the opinion that a major blow up would not be covered. Frank stated that he had checked on that and had been assured it was covered. Discussion followed about what would or would not be covered. Bob also wanted to know who Co-Gen Services was versus SDP and Frank stated that the maintenance and production divisions had split up but the major corporation was SDP. Bob felt that Frank's suggestion of the fix fee agreement was a great idea but he was not sure about the contract and the insurance coverage and wondered if Bruce had any input about it. Bruce suggested talking to Co-Gen Service and getting a confirming email about what is covered under the contract. Barbara had a question on exhibit B about wiring from the Co-Gen to MCC and wondered what MCC was and Frank explained that it is the main power to the plant. There is equipment that prevents the back feed of current and this would not be covered. Ray questioned if a separate insurance could be purchased instead of going this route but Bob thought what Frank had presented was a great way to go but clarification was needed on certain points. Bob also wanted to know if the rates covered a sub-contractor. Discussion followed and it was decided that Frank would get full clarification on all the questions. The Board asked Frank to clarify the scope and delay making a decision. Mike brought up the fact that the rates could change with a 30 day notice and thought they should stay constant for the contract year. **Motion by Ray Wilson to table the Co-Gen service maintenance agreement to the board meeting of July 2013.** Seconded by Bob Allgeier. Motion carried unanimously.

Ray felt that competition for grease in the future may not work in the best interest of MGSD. But Frank stated that he had been in contact with other grease providers and so it may not be an issue. Bruce spoke of monitoring grease traps and that there may be more potential from this. Discussion followed about the cost of grease and getting it in the future without ever having to pay for it.

Engineer's Report – Bruce Scott reported on the following:

He referred to his earlier comment about the idea of inventorying wastes and solvents that people have and a questionnaire is going out to selected customers. Wal-Mart had recently agreed to pay \$81,000,000 for dumping pollutants so it is time for MGSD to be monitoring what is happening in this District. Currently Frank, April and Marvin from RCI are working on questions to be asked on the questionnaire. MGSD needs to know what chemicals may be used on certain properties and what would end up in the



Minutes
May 7, 2013
Page 5

MGSD system. The pre-treatment ordinance will be an EPA requirement. At the present time GE is the only one for sure who produces hazardous wastes but they are pre-treated in house.

Golden Gate Petroleum is moving ahead with its proposed convenience store and gas station on the south end of Gardnerville on the corner of Grant and Hwy 395.

New Beginnings is moving forward. Brian and the guys have been watching the construction There have been few issues with changes but the project is progressing.

Approximately 6 years ago, Park Cattle Co had proposed a sub-division near the Bently Science Park. It was required to be on sewer and water but the project did not go anywhere and expired. It is now coming back as a proposal by Edgewood companies. There would be a little collection system and a booster system handled privately by the HOA and it would discharge into MGSD's system. This is going to be heard by the Town Of Minden and the Town is insisting on sewer to protect ground water. Barbara had a question on engineered septic's which have to be inspected by the State and wondered whether the HOA would have to manage the sewer system in case of back up and was assured that was so.

Currently he is working with Frank and Brian on the rehab work on County Road and 10th St and this would be back at the July meeting with best alternatives and it would be a report if not direction.

Bruce spoke on this next item at the request of Town of Minden. Years ago two wells were put in to serve the Science Park which are near a sewer main. In current times, this would not have been approved but at that time Douglas County approved it. In time, Town of Minden bought the two wells and one of the wells, the one not by the sewer line was rehabbed at that time. The one to be rehabbed now is right next to the sewer system. The State disapproves of this and suggests looking at the alternatives. The sewer slopes are at a minimum level and seem to work ok and there was a flush valve in the past which was not used much. The Town would like to create a by-pass of the well site, putting the slopes in where they are now which is minimal but workable. Bruce wanted to the Board to be aware of this issue. Bob had questions about the flow which he was told is minimal. Bruce felt there was no problem and it could be done maintaining the slope that there is now. Ray questioned who owned the pipe and if more flow in the future would be an issue and was told it belonged to MGSD and more flow would be better. Barbara questioned who was responsible for the payment and was told the Town would be paying for the job.

Bill Peterson, MGSD's legal counsel is working on closing out the final acceptance on the sewer improvements on the Muller Pkwy. Southwest Gas would pay for the relocation of the sewer if it was ever needed. He reminded Bill about putting them on legal notice.

Barbara had a question about the pre-construction conference with the utilities on the Community Center, and was told it has not yet happened. Bob wondered if there were any changes to the numbers and was told they had not changed.



Minutes
May 7, 2013
Page 6

Bruce informed the Board that he would be on vacation over the July meeting and would arrange for either Todd or Tim to be at the meeting if necessary.

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

EDU Allocations: 7.12 units of capacity were sold during the month of May. Frank Woodliff had emailed about the COD Casino project and would be bringing in a check for the project the next day.

Heat Loop Project: The final billings have been done on this.

Co-Gen System: Frank said he would check on the contract terms again

Personnel: Numerous applications had been received. Out of the 100 or so applications only about 5 qualified. The job listing closes on June 14th. Based on the past, Ray suggested that maybe Mike Henningsen and Bob Allgeier could sit in on the interviews but Frank felt that it only needed himself, Brian and Tim. Bob supported this, as Frank is responsible for hiring and firing of employees. Barbara suggested extending the deadline if no suitable person was found.

Transfer of restricted of funds: Had already been covered.

Ray had a question about the dead tree on Ironwood and asked who was responsible for it. He was informed that it was the Town Of Minden and he asked Bruce if he could talk to the Town about taking care of it.

Secretary's Report – April informed the Board that the legislature had closed and she would have a summary of the bills for the next Board meeting. There were a couple of items that affected MGSD like posting agendas on the State website and also posting on the agendas how a member of the public can get a board packet and who to contact.

Public Comment –There was no public comment.

Board Comment –Bob spoke about the discussion at the previous Board meeting of the actual cost of the co-gen and made a suggestion that the District try to buy the remainder of the note for fifty cents on the dollar. He questioned who had negotiated the actual financial contract with the State of Nevada and was informed that it was a law firm out of Reno and that the Board was indirectly involved. Bob suggested that MGSD make an inquiry to see if there was any interest



Minutes
May 7, 2013
Page 7

shown by the State to sell the balance of the note for a substantial reduced amount as currently there was no financial gain for the holder of the note. He felt this would be a great financial benefit for MGSD and wondered if the Board was favorable to this idea. Frank reminded the Board about the 0% interest on the loan and money would possibly be better in the account to gain interest. Discussion followed and the Board supported researching the issue.

Barbara stated that she may not be at the July Board meeting but would confirm.

Meeting adjourned at 8:10 pm

Approved _____ Date _____ By _____ District Secretary _____.

: /smk