



Board of Trustees  
Minutes of Regular Meeting  
Tuesday, August 5, 2014  
6:00 P.M.  
Board Room  
Minden-Gardnerville Sanitation District  
1790 Hwy. 395  
Minden, Nevada

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Board Members Present:

Raymond Wilson  
Robert Allgeier  
Michael Henningsen  
Barbara Smallwood

Staff Members Present:

Frank Johnson  
April Burchett  
Sarah King  
Bruce Scott  
Bill Peterson

Others Present:

Michael King  
Russ Lindell  
Bonnie Feticc  
John Harris  
Jim Davis

Board Members Absent :

Mark Dudley

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

Public Comment: - No public comment.

Claims Review and Approval – Claims were reviewed by the Board, and questions were answered. Ray questioned the payroll taxes which he felt were not presented as in the past. Bob agreed that the numbers were incorrect as the numbers reflected net pay and not gross pay and did not match the budget sheets. He stated that the Board should be approving the money sent to the Federal Government and that there is nothing showing that the payroll taxes are even being paid. April stated that Frank approves the payroll and it is the staff's responsibility to take care of it. There was discussion about the incorrect way the numbers were presented. Bob stated that it was not his intention to demean anyone and Frank interjected that he would look into this with the staff.

Barbara had a question about the quarterly analysis fee that was mentioned in the email sent by Sarah. Bob was confused why the expenses in the email sent by Sarah did not match the expenses on the Fund Summary. Sarah explained that it was the checks paid from month beginning to month end not including payroll as it came out of a different account. She also stated that normally she included the amount transferred to payroll as an expense but had not done so this time. Barbara felt that there were so many sets of numbers going into so many different places that it was hard to keep a track of them. Mike questioned why all these reports were even being sent out as this had never been done in the past when a lot more money was being spent, and there never was all the confusion or problem reconciling the numbers unlike all the confusion that is present now with all the numerous accounting numbers that are



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sent out. He asked why documents are being received outside of the meeting and then being discussed at the meeting. Bob responded that there is now a knowledgeable treasurer who knows what he is doing and this is how it is being done. Bob wanted to make sure the staff knew that he does look at the reports. He also asked why the payroll amounts did not match. April informed him it was because there was a payroll paid for August 1<sup>st</sup> on the following Monday. Barbara confirmed that the fund summary covered more than a month. **Motion by Barbara Smallwood to approve the claims received for July, 2014 in the amount of \$17,483.85 and to approve the claims paid during July, 2014 in the amount of \$88,749.66.** Seconded by Mike Henningsen. Motion carried unanimously.

**Minutes of July 1, 2014 Regular Board Meeting** – The minutes of the July 1, 2014 board meeting were reviewed by the Board. **Motion by Bob Allgeier to approve the minutes of the July 1, 2014 Regular Board Meeting.** Seconded by Mike Henningsen. Motion carried unanimously.

**Gardnerville Ranchos General Improvement District Capacity Request** – Frank explained to the Board that GRGID usually buys capacity in blocks of 20 units at a time and the check had already been received in payment. **Motion by Mike Henningsen 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 to be used within the Gardnerville Ranchos General Improvement District Boundary.** Seconded by Bob Allgeier. Motion carried unanimously.

**Sonic Restaurant Capacity Request** – Frank introduced Chad Walling from R. O. Anderson Engineering and explained to the Board that MGSD had not yet determined the capacity requirements as the plans were not complete as presented. Frank is able to allocate up to five units and he was not sure if 10 units would be needed. Several buildings are planned for the parcel and the units will get used. Chad explained that Sonic is nationwide and the plumbing plans could change as the buildings go up. Preliminary plans have been submitted to Douglas County. **Motion by Bob Allgeier to sell up to 10.0 units of capacity to the Sonic Restaurant located at 1652 Hwy. 395 in Minden. All rules, regulations, and requirements of MGSD are to be met and all fees paid.** Seconded by Mike Henningsen. Motion carried unanimously.

**MGSD FY2013-2014 Operations Fund Reallocation** – Frank explained that Bob Allgeier had requested that this reallocation be done to the internal general ledger. He referred to the printout in the Board Package which showed operation expenses - actual versus budget and informed the Board that the actual expenses were 23% under budget this year. The highlighted numbers are over the GL budget and funds are being reallocated to avoid negative numbers. The reallocation was taken from the 514 fund which was for collection systems repairs and maintenance. This reallocation is only for internal use as the



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Department of Taxation does not need it and had returned it to MGSD last year. However Bob stated that the changes have to be made by State law. **Motion by Bob Allgeier to approve the reallocation of Operations budgeted funds as shown on the FY2013-2014 Operations Expenses Actual versus Budget YTD Amended, dated 7/29/2014.** Seconded by Barbara Smallwood. Motion carried unanimously.

**Credit Card Processing Fees** – Ray appreciated the work put in by the staff for this presentation. Ray asked about the fees and wondered about the difference in the different banking fees. Sarah explained the different bank fees. After discussion Ray felt that it would be better to leave the credit card processing as it was and not charge any fees for its use by MGSD’s customers. The rest of Board agreed with Ray.

**MGSD Retiree Health Insurance Benefits** –Bill Peterson apologized for taking so long with preparing for this item but he had to make sure the analysis was correct. He referred to his memo which outlines the legal procedures and explained the legal requirements outlined. State law states that if benefits are offered to an active employee and if that person retires and is not Medicare eligible, then that employee needs to be offered the insurance but it does not have to be paid for by the employer. If the person is Medicare eligible, then this statute does not apply. This is the only legal limitation. However the employee can be compelled to enroll in Medicare part B. There is no legal impediment to enforcing this with the current retirees. There is wide latitude to follow any type of program for the retirees. He pointed out to the plan that he attached as an example, with numbers that he had made up. Contributions usually get reduced once a person enrolls in Medicare because the costs get less. Ray explained that he understood as he was affected in this manner when he retired early and had to pay his whole way. Bill recommended that the Board discuss what they might want to do and direct it at the next open meeting. He stated that down the road there would be more retirees versus the four right now with more cost to MGSD. Bob felt that the existing retirees over 65 should be on Medicare. He asked April what MGSD paid for the retirees and April explained that they were covered for dental, vision and life as it was all part of the insurance package which was same for employees and retirees. According to the employee policy Bob pointed out that the retiree need not be covered for dental, vision and life. Bill recommended having a planned document so as to prevent ambiguities. Ray questioned if the retirees were on Medicare and Russ Lindell explained that they were not on Medicare part B and D because they were informed by MGSD to not sign up for it. At this time, if they signed up, there would be a 10% annual penalty which would work out to be about 80% for Bonnie. Ray spoke about plans offered by AMAC and AARP and explained that the retirees would not be left high and dry, but based on what the Board decides, the premium paid would still be less for Medicare part B versus what is being paid right now. Discussion followed about the penalty which would be imposed every month and how the retirees would be reimbursed for the amount paid without having to show it as income and pay tax on the amount as it would be considered as income. Bob stated that it would be paid as expenses versus income. He mentioned that it would not be income but reimbursement. Frank and Barbara thought this would be a



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question for Richard Peters, MGSD's accountant. Bob felt that there are advantages to being on Medicare versus the current insurance and it would help MGSD save exorbitant amounts of money in the future based on the increasing life spans of people. Discussion followed about supplemental insurance and prescription coverage. Barbara mentioned that based on the policy chosen, the amount is deducted from Social Security. Russ stated that a check can be written quarterly for Part B as he had checked into it. There was a question about paying off the penalty but Jim Davis stated that the penalty was due every month and could not be paid off. Michael King mentioned that there are companies that go out of business and go financially insolvent and people who thought they had health care for life lose it. He suggested checking to see if there was some provision through the Medicare system for this and if there could be a logical way to avoid the penalty. Ray wanted the retirees to know that the County does not pay for retiree insurance. They offer the plan but do not pay anything. Ray felt that the MGSD retirees were more fortunate than other employees in this area. Bob stated that he would work with Bill and the staff and someone from Social Security and also Mark Amodei to get the issue worked out. It was decided to continue this item to the next Board meeting and Ray assured the retirees that it would be equitable for them. Bruce suggested getting Richard involved in this issue.

**Attorney-Client Conference**– Bill stated that he only had the Retiree Health Benefit to cover at this meeting. Bob asked if Bill would be attending all the meetings and Bill responded that his understanding after the last Board meeting was that he would attend till the end of the year unless Frank informed him that there was no need for him to be present.

**Engineer's Report** – Bruce Scott reported that things had been quiet; the job on County Road had started on Monday the 4<sup>th</sup> and that it was a big project with work being done from 10<sup>th</sup> St. to 2<sup>nd</sup> St.

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

There were no EDU's sold in July but there would be a few in August between the GRGID purchase of 20 units and Sonic of possibly 10 units.

He has had a few phone calls on the Minden Gateway project but it is confidential as to who is going into the area.

Frank referred to his meeting with Bently Bio Fuels that had taken place in May. He informed the Board that Bruce has been reviewing the information to see if their product would work in MGSD's system without causing any concerns. He also is looking into expanding the storage.

The County Road project is scheduled to be complete in 60 days.



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Reallocation of Operating Funds had been done.

Frank explained to the Board that a lot of work had gone into getting the information on the usage of credit cards and it had been thoroughly investigated.

Bob spoke about an issue which he felt was serious. He stated that he did not know when the current internal accounting system came into being. When the current Board started there was a minimum of information given but that has since increased. However he has noticed an anomaly and wondered if there were any changes made recently or were these policies and procedures always in effect. Frank informed him that it was a work in progress. Bob noticed the anomaly when the employee payroll sheet was put out. In the 2013 budget, Richard Peters' financial report came within \$8,000 of the amount estimated. However the final report of 2013-14 showed \$126,000 under budget. This is because Richard Peters shows the actual amount paid to the employees (pre-tax) in the financial report; this is the cost to the District. The amounts that Frank budgets are also pre-tax. However the amounts sent to Bob monthly are after tax, the net amount, and so they do not match. Bob felt that this is the fundamental anomaly. He suggested that the staff meet with Richard so as the have the figures match in the future. Frank stated that Richard's numbers are the final numbers and the reports that are sent to the Treasurer every month were only meant for internal working use. However, Bob informed Frank that he was interested only in apples to apples comparisons and not apples to oranges. After serving on two Boards in the past, Barbara thought the County showed the actual gross amounts which had to be approved and April stated that the County reported the net amounts. Bob also referred to the Benefit cost report that had been done by April and stated that payroll taxes are not an employee benefit no matter how you look at it. Sarah informed the Board that the staff had not gone to accounting school but were administrative assistants doing the best job they can. Bob wanted the staff to know that he did not want to demean anyone.

**Secretary's Report** – April informed the Board that per Ray's request, she had looked into Board training. Pool Pact, MGSD's insurance provider offers this. It needs to be scheduled as a special open meeting and it would take about two hours. Ray asked to have this put on the agenda for September so as to have it scheduled.

**Public Comment** –There was no public comment.

**Board Comment** – Ray asked about the flows that are coming into this District from GRGID and whether they are being kept track of so as to not lose any money. Frank informed him that he keeps a track of the flow and his calculations would reflect any increase. Bruce also informed Ray that the flows are periodically monitored.



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Ray also wanted the staff to know that the present Treasurer, unlike the past treasurers for who it was only a title, has a lot of information and when things are not handled correctly it bothers him. He once again spoke about how Bob Allgeier, had been a successful business man and a tax man with over 50 employees. He wanted the employees to know that Bob knows what he is doing and is only trying to help, and everyone can do a better job. Ray spoke about how the staff is accountable to the Board and the Board is accountable to the people for anything they put their name on. He stated that the Board can only go on what is given to them by the Staff which they trust is being done right. Ray spoke about the present medical insurance problem and the unfunded liability which is another issue. He thought the retirees were probably also upset with the Board's decisions. Big cities and companies are going under and he suggested to the staff to prepare for a retirement other than what PERS is paying as PERS is in as much trouble as California and the Board sees all this. April informed Ray that Morning Star had rated NV PERS in the top 10 in the country. However Ray stated that the State of Nevada was also in a financial hole. When April informed him that PERS was separate from the State he reiterated to prepare oneself and said if he had to depend on his retirement he would be up the creek and he has one of the better pensions around.

***Meeting adjourned at 8:00 pm.***

Approved \_\_\_\_\_ Date \_\_\_\_\_ By \_\_\_\_\_ District Secretary \_\_\_\_\_.

:/smk